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RULING COALITION BECOMING INDIFFERENT TO SDP ARMS DEBATES

Copenhagen BERLINGSKE AFTEN in Danish 26 Oct 84 p 1

[Commentary by John Wagner]

[Text] The Social Democrats can propose and get support from SF [Socialist People's Party], VS [Left-Socialist Party] and the Radical Liberals for as many resolutions aimed at changing Denmark's security policy as they want--including a proposal to make Denmark a nuclear-free zone in peacetime as well as during periods of crisis or in wartime. But the government and the four-leaf-clover parties are--to be put it crudely--indifferent. The "games" played by the Social Democrats are so numerous, so confusing and so self-contradictory that in the future the government will do what it wants to. And if the Social Democrats, Socialist People's Party members and Left-Socialists are dissatisfied with the interpretations the government makes of various resolution proposals--such as the resolution of 3 May--they can try to get the Radical Liberals to vote for a vote of no confidence in the government. Presumably the Radicals are not inclined to do so, but if they change their mind the government would be glad to have a security policy election that would expose the Social Democratic Party as a party divided against itself.

No responsible minister or ruling party politician can express these ideas publicly. That would be much too provocative prior to the foreign and security policy interpellation debate on Thursday. But prominent nonsocialist politicians confirmed in talks with us that this is actually the government's attitude only 5 days before the Social Democrats' next attempt to change Denmark's security policy. "They have gone too far," said one of these politicians. "There is no way to talk to the Social Democrats," said another. "They themselves don't even know what they want," said a third. The conclusion: "We will do what we want to."

It has always been and still is a grave misunderstanding if Social Democratic chairman and former Prime Minister Anker Jorgensen and other Social Democrats think that the government accepts the security policy resolution of 3 May 1984 as an expression of the government's policy. Foreign Minister Uffe Ellemann-Jensen made this clear in statements to the weekend edition of BERLINGSKE AFTEN.

The background is as follows:

Prime Minister Poul Schluter said in his opening address to Folketing on 2 October that "in accordance with the resolutions that have been adopted here in Folketing" the government will "support all efforts that could contribute to the resumption of the Geneva talks on medium-range missiles and reductions in strategic nuclear weapons and we will also act to limit armaments wherever this is possible."

This statement was regarded by many Social Democrats, including Anker Jorgensen and foreign policy spokesman Lasse Budtz, as a signal that the government accepts the resolution of 3 May as an expression of government policy.

But that is definitely not the case. On the contrary. Uffe Ellemann-Jensen said:

"It is clear that the government must live up to this resolution faithfully--with the interpretations we ourselves read into it. But that does not make it the government's policy. And the prime minister did not say it was. Try to read what he actually said. If the resolution of 3 May is presented again, the government will refrain from voting--as it did in May. The warnings we issued at the time still apply."

To this Lasse Budtz commented:

"That is a complete surprise to me. If that is the government's opinion then it will have to resign."

The resolution of 3 May (see page 2 [not included]) was remarkable among other things because the government was instructed to work to insure that Denmark remains free of nuclear weapons in peacetime, wartime and times of crisis specifically by promoting plans to make the Nordic region a nuclear-free zone in a broader European context.

Since then the Social Democrats held a 5-day congress that passed a resolution that the party should work actively to insure that Denmark remains free of nuclear weapons in peacetime, wartime and times of crisis. Period. Lasse Budtz explained why the party no longer links the demand for a nuclear-free Denmark so closely to the demand for a Nordic nuclear-free zone:

"The situation is unchanged since it is the zone possibility that we are counting on and working for. But there are other possibilities: an expansion of the nonproliferation treaty, an international agreement that bans the deployment of nuclear weapons in countries that do not already have them and codicil agreements to our reinforcement agreements. The last is probably the most controversial idea."

Lasse Budtz emphasized that a Nordic nuclear-free zone would also include the Baltic Sea and would lead to what he calls "a thinning out of the Soviet nuclear weapons on the Kola peninsula." By thinning out he means that all the medium-range missiles aimed at the Nordic countries would be removed while the long-range missiles are a "problem for the superpowers."

The Social Democratic Folketing group has not yet decided which resolution proposal it will submit when Folketing holds its interpellation debate on Thursday concerning foreign and security policy. But Anker Jorgensen has announced (in AKTUEL on 20 October) that "Folketing must confirm the resolution of 3 May" and that "the Social Democrats will maintain that Denmark must work actively to insure that Denmark remains free of nuclear weapons in peacetime, wartime and times of crisis and that we must exert pressure in NATO, the Nordic region and the United Nations to promote everything that can guarantee that we remain free of nuclear weapons, even in wartime."

Foreign Minister Ellemann-Jensen would much prefer to avoid the debate on Thursday. He said:

"It is disturbing that just now, when the so-called Dyvig committee is working on a report that will form the basis for a responsible shaping of our security policy, we suddenly have a race for a new resolution. And this is certainly not in the spirit that the suggestion for the work of the committee was made (by Social Democratic political spokesman Svend Auken, Ed.).

Both Anker Jorgensen and Lasse Budtz have expressed hopes that the Folketing debate on Thursday might influence the work of the Dyvig committee but the foreign minister had this to say with regard to that:

"The Dyvig committee is a committee of experts who are instructed to give an expert opinion on Denmark's security policy situation in the world as it is today. And regardless of the resolutions passed by Folketing, the world will not change."

Lasse Budtz said that "the tension between East and West is so great that one cannot expect that the Dyvig committee will come up with a report just before Christmas" and that "we must clarify as soon as possible what the prime minister's remarks in the opening address meant."

It has depressed the government and the parties backing it that the Social Democrats will not wait for the Dyvig committee. The hope of restoring broad agreement on security policy has been dashed and there is widespread agreement that in the future the government should interpret various resolutions and the like in whatever way it sees fit. Then if they dare, the Social Democrats can try to get Radical Liberal support for a vote of no confidence in the government. The Social Democrats feel that the government is no longer acting on behalf of Folketing. "At any rate the government is through with acting on behalf of the Social Democrats," said a prominent government party politician.

6578
CSO: 3613/24

PEACE MOVEMENT IN DENMARK REMAINS ACTIVE, CONFIDENT

Copenhagen INFORMATION in Danish 29 Oct 84 p 10

[Editorial: "On Review for Peace"]

[Text] The peace movement in Denmark is not dead. Despite disappointing support for this fall's activities in other Western European countries, last Saturday's Danish day of action indicated that tens of thousands still find it worth the trouble when called upon by peace organizations to donate an afternoon.

The probable reason for this is that the Danish peace movement does not feel that it has suffered a defeat. The possibility that Denmark could have any significant impact on NATO's decision-making in connection with the missile project has always been remote. Instead, the goal has been of a moral nature: Denmark should refuse to share the responsibility. In this way, there has always been a goal that could conceivably be reached. A refusal to accept nuclear weapons in this country would mean that we were taking a moral stand against the idea that nuclear weapons are of some value in a military defense system.

But the announcement by Birte Weiss that the Social Democrats may have to abandon their own platform during the upcoming debate in parliament may give rise to some reflection, in which the movement must take up its own policies and forms of action in a self-critical manner. Even though the Social Democratic sector of the labor movement and the party's top politicians have actively supported the slogan "Never Nuclear Weapons in Denmark," the party does not believe that the political climate is right for the existing majority in parliament to use its power. This position may subject the party to intense criticism and many Social Democrats may feel uneasy, but it is the peace movement that has the biggest problem. It must see its policies implemented, but it has nothing to gain by seeing SF (Socialist People's Party) win additional voter support because of the wavering of the Social Democrats.

Researchers at Arhus University, Mickael Krasner and Nikolaj Petersen, recently published an analysis of the extent to which the peace movement has influenced parliamentary security policy resolutions in recent years. They concluded that the political process in the Social Democratic Party was due to the party's cooperation with labor parties abroad, the role of opposition party, and internal party relationships, while the influence of the peace movement has been

"relatively limited."

They say that the reason for this is that the movement has an image problem, since it is believed to be controlled by communists and other leftists. They also point out that the development by the movement of alternatives to existing security policy has been "slow and uneven." The future effectiveness of the movement will be determined by the extent to which it utilizes its own resources and by its relationship to the Social Democrats. The researchers pointed out that for a long time the Social Democrats have avoided being identified too closely with the peace movement, but the obstacles to closer cooperation are being destroyed, since many Social Democrats now support the movement and are participating in it to a greater extent. However, it is an "open question" as to how the peace movement, in its present form and with its present politics, can utilize this situation to the fullest.

If the peace movement follows its usual custom, planning meetings soon will be called to discuss the Easter march of 1985. Months of debate will follow in which the leaders' time will be drained by the movement's internal differences and many activists will use the late winter months for the practical preparations.

But is a review of movement troops actually worth the effort? A focus on demonstrations is an inheritance from the childhood of the labor movement, when marches were one of the few possibilities available for expressing opinions. They had a certain effect because the increased turnout from march to march led to an increasing fear of revolution on the part of those in power: 10 thousand on the streets today, 100 thousand next time, and then 1 million. A general strike and the revolution were just around the corner.

Today the situation is slightly different. Democracy has presented far more means of expression and influence. Schluter is hardly frightened by hundreds of thousands of protesters. How unconcerned the Social Democrats are by the protests is indicated by the party's dual role in the present situation.

The new peace movement flourished because it listened to the people's concern over the missile buildup. It dug down to the roots of the public debate and exposed them to the light of day. It exposed the superficial treatment of the subject by the politicians and the media and the movement appealed to the people's sense of responsibility.

If the movement listens to the people today, it will discover that they are occupied with security problems that are more complex than the belief that the rejection of the detestable nuclear buildup on moral grounds is enough. Will we have difficulties with NATO if we continue our present course? How can we believe in the peaceful nature of the Eastern countries when they suppress their own peace activists? Can Denmark be defended if we are not supported from abroad by reinforcements and a nuclear umbrella?

Some sections of the movement have laid the groundwork for continued influence on the Social Democrats. This was done by digging down to the roots of the problem facing the party--our relationship to the alliance and the political future of Europe. The movement's lack of credibility is being countered by demands to the Eastern countries. Defense problems are taken seriously and alternatives are being considered. The future of the peace movement lies in its ability to influence the Social Democrats, especially, by making proposals in these areas. It does not lie in simple slogans, promulgated by mass demonstrations.

9336
CSO: 3613/23

UN REPRESENTATIVE PLEDGES EFFORT ON NORDIC NUCLEAR-FREE ZONE

Copenhagen BERLINGSKE TIDENDE in Danish 30 Oct 84 p 5

[Article by Bent Albrectsen]

[Text] Danish United Nations ambassador: "We support a nuclear-free Nordic zone--on certain conditions."

Washington--In a speech yesterday evening in New York, the government's representative to the United Nations assured the other member nations that Denmark would work to establish a nuclear-free Nordic zone, under certain conditions.

The speech was delivered to the United Nations Political Committee (First Committee), which also deals with disarmament problems, by United Nations Ambassador Ole Bierring.

He referred to the open letter written by Danish nuclear physicist Niels Bohr in 1950 and pointed out that it was just as important today to begin negotiations between the superpowers. Ambassador Bierring said that the Danish government believed it was extremely important that a treaty prohibiting the testing of nuclear weapons be signed as soon as possible.

Ambassador Bierring said that "Denmark supports all realistic efforts to establish nuclear-free zones in accordance with the guidelines contained in the final document of the first special session on disarmament. Thus, the government supports "discussions, the purpose of which is to establish a nuclear-free zone in the Nordic region in a broader European context."

Such a nuclear-free zone, the statement of the Danish government said, must be guaranteed by both the United States and the Soviet Union.

Ambassador Bierring's speech also stressed the importance of negotiations to reduce stockpiles of conventional weapons. Maintenance of such weapons stockpiles costs four fifths of the \$800 billion spent on armaments as a whole.

9336
CSO: 3613/23

COUNTRY'S LEADERS SHOULD ALSO ACT TO LIMIT TACTICAL N-ARMS

Copenhagen BERLINGSKE TIDENDE in Danish 31 Oct 84 p 11

[Op Ed Article by Hugo Gaarden, Freelance Reporter]

[Text] The debate over nuclear weapons has tended to become a discussion over whether a nuclear-free Denmark could remain a member of NATO and participate in planning of the NATO nuclear strategy. There are other possible solutions, however, if we concentrate on the tactical nuclear weapons alone.

Denmark should consider becoming nuclear-free with regard to tactical nuclear weapons, without giving up full membership in NATO's nuclear strategy planning group.

Using this formula, Denmark would not declare itself a totally nuclear-free zone, but the danger of a nuclear confrontation would be reduced and, in addition, an arrangement of this type could build confidence in this part of Europe.

Undoubtedly, some will label a proposal of this type as "neither-nor" or "both-and." Nevertheless, it could reduce some of the internal political tension over our policy on nuclear weapons.

This formula is somewhat similar to the proposal of the Palme Commission on the establishment of a narrow zone or corridor down through Europe--free of tactical nuclear weapons.

By focusing on the tactical nuclear weapons, it would be possible to avoid the traditional linkage between a nuclear-free Denmark in times of crisis and war and a nuclear-free Nordic or larger European zone.

The problem with this linkage is that it rests on two weak pillars: 1) a totally nuclear-free Denmark can hardly be reconciled with full membership in NATO and 2) a Nordic nuclear-free zone is hardly realistic, due to the differing foreign policy orientation of the various countries.

But since efforts to establish a nuclear-free Nordic zone remain strong in

several parties, it would be useful to find a way out that could lead to a more realistic Danish nuclear policy that could gather broad support and would not be an eternal subject of debate.

Another linkage, other than the tradition one, should be considered, namely a linkage with the nuclear, defense, and security policies of our neighbors. With this type of linkage, the goal of Danish security policy would be the greatest possible joint security in our region--not, for example, the elimination of nuclear weapons in general.

Below, the argument will be made that Denmark, in practice, can become less dependent on nuclear weapons that it is under its present policy, but in such a way that there would be a linkage with our neighbors and with our NATO solidarity--including continuing membership in its nuclear planning group.

This proposal is based on a key point that is seldom mentioned: At what targets would nuclear weapons in Denmark be aimed?

Is it Soviet naval vessels heading toward Denmark? Is it harbors and bases along the Baltic Sea coast of the Warsaw Pact? Is it Warsaw Pact forces landing in Denmark?

In none of the cases listed above is the use of nuclear weapons an absolute necessity, since advanced conventional weapons could be launched from Danish territory and, in addition, nuclear weapons could be launched from bases far from Denmark.

In recent years, a number of defense and security experts have advocated abolishing the tactical, short-range nuclear weapons. For example, British professor Lawrence Freedman has proposed that NATO unilaterally eliminate its tactical arsenal in Central Europe, since that would be in the interest of the alliance itself. A group of high-ranking military experts has made a similar proposal. These experts, who include former chief of NATO's northern region, Gen Sir Anthony Farrar-Hockley, and a marshall of the Royal Air Force, Lord Cameron, described as "useless nonsense" the ability to step up a war effort gradually from conventional weapons to tactical nuclear weapons to strategic nuclear weapons.

In more and more cases, modern weapons can have the same effect as tactical nuclear weapons with extreme accuracy, long range, and enormous explosive power. If the Danish and West German forces are able to defend the Danish-North German region successfully, then it is obvious that we can consider rejecting the use of tactical nuclear weapons in this region.

Former Norwegian Deputy Foreign Minister and Deputy Defense Minister Johan Jorgen Holst has expressed doubt over the value of using tactical nuclear weapons to defend Norway, since Norway is so close to the strategic Soviet base on the Kola Peninsula. There are purely military problems involved, but also security problems. In a strategically sensitive area, Holst prefers to remove the element of uncertainty as to whether or not NATO would use nuclear weapons

(this element of uncertainty is assumed by some to have a deterrent effect). It is more important to keep the opponent from guessing wrong than to make him guess at all, according to Holst.

Another often-used argument, in addition to the deterrent effect argument, is that a ban on the introduction of tactical nuclear weapons in Denmark would create doubt that reinforcements would be sent by our allies. Another argument is that a dual policy on nuclear weapons--for example, the use of nuclear weapons exclusively south of the Danish-German border--could lead to considerable complications and uncertainty.

But these problems do not eliminate the possible advantage of eliminating tactical nuclear weapons. They simply point out the significance of avoiding isolated action. A Danish measure must be taken in conjunction with measures elsewhere in the region, especially in Northern Germany.

Herein lies the comparison with the Palme Commission. The commission did not propose the establishment of a totally nuclear-free zone. The zone, or corridor, 150 km wide through Central Europe on both sides of the East-West boundary, would include only tactical nuclear weapons (and possibly chemical and biological weapons). They would be withdrawn from the corridor and could not be returned during a war.

During the commission's work, there was much support for a renunciation of a nuclear first-strike. But former British Labour foreign minister and later party chairman David Owen gradually won support for a more practical position, instead of solemn declarations. He stressed the importance of a purely physical prohibition against tactical nuclear weapons in boundary regions, on the assumption that such a ban would prevent the necessity of taking a position on the use of nuclear weapons during the first hectic hours of a war.

For Owen, it was important to eliminate the possibility of a sudden, limited nuclear war. He wanted to draw a sharper line between conventional and nuclear warfare.

Since modern conventional weapons now have almost the same effect as tactical nuclear weapons, a sharp line must be drawn between the two types of weapons in order to avoid mistakes and an unintended, rapid escalation with nuclear weapons.

There could be an advantage in creating a greater distance between conventional and nuclear warfare, in order to stress the seriousness of moving from conventional to nuclear war.

This is an extremely delicate topic in Western Europe, but Western Europeans cannot avoid discussing whether or not nuclear weapons should be used immediately following the outbreak of war--on the Western European battlefield--or whether they should be held in the background, purely as a deterrent force, and used only as a "last resort" if deterrence fails--as a purely retaliatory measure in which the target is not one's own territory, but that of the enemy.

A discussion of this type has begun in the Netherlands. It has been proposed that the Netherlands accept cruise missiles in exchange for removing the existing tactical nuclear weapons. But the argument that the Netherlands should abandon tactical nuclear weapons and base its defenses on the Eurostrategic nuclear deterrent has failed to gain support--primarily because of the widespread opposition to the new missiles.

The considerations mentioned above indicate the problem involved in a doctrine of no first-strike, since nuclear weapons in that case would be the "last resort." They could be used, regardless of whether or not the opponent has used them first.

Seen in this light and in the light of the Palme Commission's report, the proposal to abolish tactical nuclear weapons seems "milder" than many other proposals to change our nuclear policy.

An arrangement of this type, or the proposal of the Palme Commission, is a limited step toward the elimination of nuclear weapons. The problem of nuclear weapons would not be solved, but it would be pushed more into the background.

This is also of considerable value, as Owen pointed out: Declarations during times of peace are of little value compared to practical measures that would make it impossible to use certain nuclear weapons in certain areas during the initial stages of a conflict.

Another result of such a step would be to build confidence, since it would lead to greater stability and predictability in certain areas of strategic importance.

Some polemically stated, a nuclear-free zone is of certain value only during times of peace, while a physical removal of tactical nuclear weapons and defense planning that no longer considers the use of tactical nuclear weapons in certain areas would have a concrete effect during a war.

A different Danish nuclear policy in which the role of nuclear weapons is more clearly defined could be based on the following principles:

- 1) Practical arrangements, coordinated with other countries in our region, could prevent the use of tactical nuclear weapons on and from Danish territory--without the need for Denmark to be declared a nuclear-free zone.
- 2) There would be a necessary buildup of our conventional defenses, including agreements on reinforcements from our neighboring countries.
- 3) Denmark would remain a member of the nuclear planning group and, thus, be included in the overall nuclear strategy of the alliance.
- 4) Arrangements and cooperation with our neighboring regions must also be seen as part of the process of eliminating tension and building confidence.

If changes of the type proposed above are made in close cooperation with our

neighbors, the result would not be detrimental to Denmark or to the alliance. If the result is a special position for Denmark, it could just as well be called a division of labor. In addition, there are already a number of special positions within NATO.

Pointing to the significance of the relationship between Denmark and its neighboring regions leads us to the question of whether or not parliament should wait for a report on security policy from the Dyvig Committee. If Danish security policy is to be seen in the context of our surroundings, then an extensive body of material must be gathered.

It remains to be seen whether the proposal made above can reestablish the traditional broad support behind our security policy. It is noteworthy, however, that the government has stressed repeatedly that NATO membership is the crux of the issue. This says nothing concrete about a specific policy on nuclear weapons, if it is compatible with full NATO membership.

The Social Democrats, for their part, seem to have stopped their--at least apparent--change of course. It is worth mentioning Knut Heinesen's statement on nuclear weapons at the party congress. He did not link the question of freedom from nuclear weapons with nuclear-free zones. Of course, this could indicate a tougher Social Democratic line--namely, a unilateral Danish declaration. But Heinesen also mentioned the possibility of "other measures" that could enable Denmark to "remain" nuclear-free. This choice of words permits a broad range of interpretations.

Thus, the "old" parties may be willing to consider new arrangements, as long as they do not reduce Denmark's security or threaten our NATO membership.

9336
CSO: 3613/23

SWEDEN'S DISPUTE WITH USSR ON BORDER VIOLATIONS WORRIES FINLAND

Stockholm DAGENS NYHETER in Swedish 2 Nov 84 p 6

[Article by Harald Hamrin]

[Text] Helsinki--Official Finland is deeply concerned about developments in Swedish-Soviet relations. If the verbal conflict between Finland's two neighbors continues it could have consequences for Finland's own position as well. Some circles in Helsinki also think that Sweden has "over-reacted" in its protests to the Soviet Union.

That sums up the picture that emerged from a series of interviews in the Finnish capital with politicians, diplomats, military men and experts on foreign policy.

One indication of how sensitive the whole question of Swedish-Soviet relations is for Finland is the fact that none of the representatives of official Finland who talked to DN [DAGENS NYHETER] wanted to be named in the article. Even some of the independent observers DN spoke to did not want to have their names used.

"People in official circles are pretty quiet about Swedish-Soviet relations," said Jan Magnus Jansson, editor in chief of HUFVUDSTADSBLADET, one of the most discerning observers in Helsinki.

"People are very reluctant to deal with this topic. But unofficially there is a great deal of interest and deep concern. If Swedish-Soviet relations remain tense for a longer period of time, Finland will be left hanging in the air in a peculiar way."

Uneasiness

The only comment several of DN's sources were willing to make on Swedish-Soviet relations was: "Finland wants to have good relations with both Sweden and the Soviet Union" or: "We hope Sweden and the Soviet Union can have good relations with each other."

These general and vague phrases reflect the deep feeling of uneasiness and perhaps nervousness too that seems widespread in official Helsinki.

But someone centrally located in the security policy establishment in the Finnish capital told DN that "of course we are concerned about this development." In the short term the deterioration in Swedish-Soviet relations has not led to any concrete problems for Finland's foreign policy, in his view.

Worried

"But in the long-term perspective we are worried about the possibility that the stable situation in the Nordic region could be disturbed," DN's source said. And even though the overall picture in the Nordic region has not been changed by what has happened between Sweden and the Soviet Union, it is clear that the atmosphere has been adversely affected.

In talks with DN people pointed out that so far in his term of office, President Mauno Koivisto has chosen to keep a fairly "low profile" on foreign policy issues. There is always the possibility of "becoming more active" if a situation arises that makes this appropriate.

In the same way perhaps Sweden should have shown a "lower profile" in the battle of words with the Soviet Union.

"The way things have developed is very unfortunate," said a highly-placed source. "A lot of prestige has been at stake in the war of words. And this has not always been in proportion to what happened. One cannot help thinking that all this was unnecessary. Neither Sweden nor the Soviet Union has anything to gain from continuing the war of words."

There was a general and widespread hope that Finland would not end up in a situation where it would have to choose sides between Sweden and the Soviet Union.

"We understand both sides," said one of the people DN talked to. "We have noted the positions taken by Sweden and the Soviet Union. What is important for us is that neither side puts pressure on us to choose and so far neither side has."

But while sources say they do not want to choose sides, there is an impression that people feel there were occasions when Sweden "over-reacted" in its relations with the Soviet Union.

Caution

Even on this point the comments were overwhelmingly cautious with people saying things like: "Finland should not give Sweden any advice," or: "We would never interfere." But at times one can detect the concern that Swedish reactions might contribute to a further deterioration in relations with the Soviet Union.

"Some opposition politicians and segments of the press have reacted in a way that is quite remarkable considering our frame of reference," said one source.

Another man DN talked with was more openly critical. He said that the public and the press "probably exaggerated a little at times. Even minor incidents where there was no proof" were blown up.

"Of course one can be wise after the event," he said. "If one had known from the outset that the crisis between Sweden and the Soviet Union would last so long, one could say that Sweden should have worked up to it in another way. People should not have reacted so strongly from the very beginning. They should have saved some reaction possibilities for the future."

Similarities

The critical Finnish comments on Sweden's role in the "war of words" with the Soviet Union are reminiscent in some ways of the occasional criticism in very cautious terms of the stockpiling of American war materiel in central Norway.

Just as Sweden considers its protests justified against the background of Soviet border violations, Norway considers the stockpiling justified against the background of the Soviet military buildup on the Kola peninsula.

But in Finland criticism, though only on the unofficial level of course, has been voiced about what is regarded in Norway as simply a "counter reaction"--even though people in Helsinki are fully aware of the role of the Murmansk base in the changing security policy pattern in northern Europe.

"It was unfortunate that the stockpiling in Norway came about," said a highly-placed person in the security policy leadership in Finland. "From a military point of view only small units are involved, of course. But it is not a positive thing when new military systems are added in the Nordic region."

6578
CSO: 3650/35

POLITICAL

BELGIUM

BRIEFS

NEW FDF LEADER -- The congress of the French-speaking Democratic Front [FDF], which is meeting in Brussels, elected (Georges Clairsaillie) to succeed Lucien Outers as head of the party. He was elected after the first round by 52.16 percent of the votes over the other favorite (Serge Moreau). The participants in the congress will elect a new secretary general to replace (Georges Desir). [Text] [Brussels Domestic Service in French 1500 GMT 20 Oct 84 LD]

CSO: 3619/22

PEACEFUL COEXISTENCE OF GREEK, TURKISH CYPRIOTS

Nicosia O AGON in Greek 24 Sep 84 p 3

/Excerpt/ Larnaca, 14 (Larnaca Press), Village of Pyla--It appears as if no war took place here...as if the Turkish invasion, the 1974 storm, did not pass through here. Greek and Turkish Cypriots live together. They have the same joys, the same sorrows, the same hopes. Entering Pyla for the first time one meets two communities...next to each other and one wonders why Attilas and the Turkish leadership did not uproot the Turkish Cypriots of Pyla as they also did in other areas of the island, why the march of the conqueror stopped only a few steps outside the village...

But as one enters Pyla one feels a real apprehension...One sees the two village schools--the Greek and Turkish--near other other and hears the mixed cries of the children in some narrow streets of the community. The orthodox church and the mosque next to each other seem to implore the passersby.

In the small village square the Greek and Turkish coffee houses are full of the villagers who, tired from work, come here to meet each other, to discuss a thousand and one problems and especially that "agreement" which will render them more free than they are now...

The most important problem occupying the Pyla residents is the freedom now granted to the Turkish Cypriots. They derive all the benefits the Republic of Cyprus can give them but they fail to carry out their obligations to it. They are given electric current, for example, but they pay nothing and, naturally, it is the other Cypriots of the community who bear the whole burden.

7520
CSO: 3521/39

UNITY ON NATIONAL POLICY DEEMED ESSENTIAL

Government's Right of Decision

Nicosia O AGON in Greek 23 Oct 84 p 1

/Text/ There are two causes of our misfortune: the lack of a common policy on our national issue and the constant tendency of almost all parties to politicize the national issue for the sake of promoting their partisan interests.

As a result the lack of common policy caused not only the retrogression of our national issue but also the creation of continuous friction on the internal front. The situation is worsening still more by the tendency, as we mentioned, to exploit this issue for partisan expediencies.

The situation has become unbearable. Every time third parties submit proposals the internal front becomes very confused. We remember what happened in the cases of the American plan, the Waltheim ideas, the de Quellar guidance, the work points and now the revised agenda.

It is not so much the variety of voices, the polyphony--even if it is not permitted during moments when the survival of a whole people is at stake. It is rather the tensions and passions under which certain demands are advanced and which at the same time are contrary to the basic democratic institutions. It is the moment certain people chose to express their demands.

In an article a few days ago, we warned that we must be careful not to provoke a new internal crisis while the talks in New York go on and while the de Quellar agenda is being constantly modified. Unfortunately, however, a new crisis has been created with no reason:

First, because there is no documented information that the Cypriot delegation does not correctly handle the developments or that its intransigence pushes things to a deadlock.

Second, on the contrary it is Denkatsh who torpedoes the initiative and who is the real problem since he refuses to make territorial concessions and facilitate the end of the deadlock. This is pointed out and ascertained even by the New York correspondents of the opposition newspapers.

While, then, the Cypriot delegation handles things properly; while the problem lies with Denktash and his intransigence; and while the Turks are the ones under pressure, a serious crisis has broken out on the internal front.

Such a situation is unacceptable and irresponsible. In the past we have warned that the Cypriot case is not suitable for partisan exploitation. Again we point out that it is unacceptable and antidemocratic to ask that the president of the Republic be placed under guardianship and his rights be defrauded.

Whether we want it or not, whether we like it or not, President Kyprianou was elected with a majority of 57 percent. And no president of the Republic who was elected with this percentage, whether his name is Kyprianou, Kliridis, Papaioannou, or Lyssaridis, will ever accept conveying to others his right to make decisions nor will he ever accept having the parties as his guardians. This is an inviolable democratic principle which all of us should respect.

This, then, is the situation which can be reversed only if AKEL declares that it withdraws its support of Kyprianou and that it separates its position and cancels its cooperation with him. In such a case it would not be possible for Kyprianou to make decisions. But up to this moment AKEL has not reached such a decision and therefore Kyprianou's right to make decisions exists.

But in order to avoid all these disputes, conflicts, disagreements, et al., it is necessary that we at long last decide to charter a common policy. It is necessary that the political leaders meet at the same table for many days if need be and chart a short-term and long-term common policy which should be followed without deviation by all.

Without a common policy our national issue will always be muddled and our internal front will be constantly tortured by disputes and conflicts.

Participation of All Parties Needed

Nicosia KHARAVGI in Greek 24 Oct 84 p 3

/Editorial/ Yesterday's editorial of O AGON begins with the assertion that "all our misfortunes always" have one basic source--"from the lack of a common policy on the national issue." Somewhere in the middle of the article, however, the writer accuses the very parties which support the charting of a common policy and the assumption of collective responsibilities.

Further on, the parties are accused of trying to place the president of the Republic "under guardianship" (!) and to take away his rights. "Kyprianou", says the writer, "was elected with a percentage of 57 percent and does not accept conveying to others his right to make decisions (...). This is an inviolable democratic principle which all of us should respect."

The article concludes with exactly the opposite but correct position: "The political leaders should sit around the same table for many days if need be and chart a short-term and long-term common policy which should be followed without deviation by all."

The confusion is evident. We do not know if the confusion belongs to the writer of the editorial in his effort to reconcile the irreconcilable and justify the unjustifiable or if it is an expedient maneuver for the purpose of confusing his readers.

At any rate O AGON is the front runner in confusion since it has chosen to be the leader of a confused policy. What is it, then, that the newspaper upholds? Should the president who was elected by a 57 percent majority alone decide the Cyprus issue? Or should there be a collective effort and cooperation on the part of the whole responsible leadership?

For us the problem is simple and is not conducive to confusion except, of course, for those who willingly become confused in order to confuse the people. We do not question by how much President Kyprianou has the right to invoke his 57 percent majority since the party /AKEL/ to which the greatest part of this percentage belongs has on several issues different views than those who rely on the president's own votes to claim a majority for his views.

The Cyprus problem is not simply an issue of electoral votes. It is a pan-people, a national problem. The future of the country will depend on the handling of the issue. The responsibility for the taking of such historic decisions cannot be left to the leadership of this or that party even if it is in power. The governments of other nations feel the necessity, even when they may have a majority, to ask for the people's opinion before reaching decisions on matters of much lesser importance. They resort to plebiscites in order to get the people's judgment and act accordingly.

In Cyprus itself, in order to ratify a simple and oftentimes unimportant agreement, the government has concluded it is necessary to have the approval of the House of Representatives, of the parliamentary parties. Therefore, it is inconceivable that we should discuss who has the responsibility for making decisions which will determine the fate of Cyprus.

And it is unacceptable to characterize as an attempt to place the president under guardianship and to take away his rights the demand of the political parties to respect their request to participate indirectly and effectively in the formulation of such historic decisions.

7520
CSO: 3521/60

PAPANDREOU STANCE DEEMED DANGEROUS FOR NATION

Nicosia I SIMERINI in Greek 23 Oct 84 p 3

/Editorial by Savvas Iakovidis: "Andreas Needles" /

/Excerpts/ The doctrine is known: It is a good policy to serve and be served. How are the interests of Greece served with Papandreou's visit to Poland which is under the military dictatorship of Jaruleski? Why did he make this visit at the present time and what objectives or targets does such a visit serve? What can little Greece derive from a dictator who is sitting in the dock? How is it possible to provoke the Western powers in whose camp Greece belongs without repercussions to Greece and, by extension, also to Cyprus? We always claim that Greece's relationships, alliances and other actions have direct or indirect impact on Cyprus.

We are of the opinion, which we have expressed in the past, that Papandreou follows a policy which does not serve the national issues. Only he alone shouted his accusation that the South Korean Boeing was a spy plane, thus supporting the position of the Soviet Union. On the question of Poland, again he alone opposed the restrictive measures EEC was planning. And he offers recognition to Jaruleski and support at a time when the whole West is avoiding doing so. Why?

Greece continually provokes NATO, EEC, the United States and generally the Western Alliance. It is almost considered the bad boy who, with his unforeseen actions, annoys, provokes, obstructs and infuriates the West with the evident purpose of rendering services to the Soviet Union!

What did Greece get from Moscow thus far? Absolutely nothing! The British ECONOMIST describes very clearly the situation in Greece. In its last issue it stated in part: "Papandreou's socialist government needles NATO in order to prove that Greece cannot be taken for granted. But when it is needled, NATO looks at Turkey as its reliable ally in the Eastern Mediterranean. And the indignant Greeks search for new annoying needles. Naturally the last annoying needle was the visit to Poland. We deem the visit to Warsaw a mistake from many aspects. We hope that neither Greece nor Cyprus especially will suffer from possible consequences..."

BRIEFS

GREEK, TURKISH CYPRIOTS ARRESTED--Paphos, 28 (SIMERINI Office). Greek Cypriots Dimitrakis Kharalambous, 23, from Famagusta, appeared before the Paphos district judge while Khristodoulos Pavlou, 29, from Pentagia and Turkish Cypriot Mustafa Murat, 22, from Akourso of Paphos, appeared before The Mouttalo (Paphos) judge on suspicion of espionage at the expense of the National Guard and the country's security. According to Sargent Pavlos Khristou, a member of the Criminal Investigation Department, there is indisputable evidence that the accused had visited Kato Pyrgos and gathered information concerning the condition of the camp, the military equipment and the armored vehicles in the area. He added that other witnesses from Kato Pyrgos, Paphos and other cities will testify against them. The police asked that they be held for 8 days in order to complete the investigation and warned that their release would affect this investigation and there is danger that they, and especially the Turkish Cypriot, may escape. /Excerpt/ /Nicosia I SIMERINI in Greek 29 Sep 84 p 1/ 7520

POSTPONEMENT OF MINISTERIAL COUNCIL RESHUFFLE--The reshuffle of the Ministerial Council will not take place in October as was anticipated and is now scheduled for November or at the end of the year. According to sources who are in a position to know the thinking and intention of President Kyprianou, the postponement is due to the fact that the president is occupied with the proximity talks which will be resumed on 15 October in New York and--as believed--will last for at least 2 weeks. The same sources said that the reshuffle is expected at the end of the proximity talks and in light of their results. President Kyprianou will study the form and extent of the reshuffle which is expected to be very broadened. /Text/ /Nicosia O AGON in Greek 30 Sep 84 p 1/ 7520

FOREIGN DIPLOMATIC OFFICES IN TRNC--Many governments, among which some West European, have established in the occupied areas diplomatic offices with small staff for the purpose of watching activities in northern Cyprus. The heads of these offices maintain contact with Denktash. According to information this newspaper has, the offices are in Kyrenia and are in direct contact with their embassies in Cyprus to which they transmit whatever information they gather, whether it concerns the Cyprus problem or other issues. The government is investigating the matter in order to find out which countries have established such offices in order to proceed with demarches to them asking the elimination of their offices. The Cypriot government considers as unacceptable the establishment of these offices in

the Turkish Republic of Northern Cyprus /TRNC/ which in essence are silently recognizing the Denktash pseudostate. According to reports, among these countries are some which condemned the declaration of the TRNC. The government already has enough information on this matter but before taking action wants to make sure exactly which countries even though it is absolutely sure about some of them. /Excerpt/ /Nicosia O AGON in Greek 1 Oct 84 p 1/ 7520

HUNGARIAN TRADE UNIONIST'S VISIT--At the invitation of the Pan-Cyprian Union of Municipalities and Communities Workers and Employees /PSEDIK/ Dr. Feners Sali, secretary general of the Union of Workers and Employees of Municipalities and Local Industries of the Hungarian People's Republic, arrived in Cyprus. At the airport he was welcomed by PSEDIK Secretary General G. Avraam and Assistant Secretary General G. Solomonidis. The Hungarian unionist held meetings with the PSEDIK general secretariat and St. Mandriotis, secretary of the PEO Branch Council. During these meetings they exchanged information on the activities of the two unions and particularly on the Limassol syndicalist movement. They also discussed the international developments and the critical times humanity is experiencing as a result of the extant tensions, the dangers to world peace and the developments related to the Cyprus problem. Dr. Sali gave assurances that his country will continue supporting the just struggle of the Cypriot people for the island's reunion, for full independence and non-aligned policy and for a federation and demilitarization. /Text/ /Nicosia KHARAVGI in Greek 26 Oct 84 p 5/ 7520

CSO: 3521/61

SCHLUTER SETS GOVERNMENT'S AGENDA FOR GREENLAND IN SPEECH

Godthaab GRONLANDSPOSTEN in Danish 10 Oct 84 p 6

[Article by lod: "At the Opening of the Folketing the Prime Minister Did Not Say Much About Greenland"]

[Text] The prime minister's speech on the state of the nation--the speech from the throne--did not say much about Greenland this year either. In the written part the prime minister offered four or five bills concerning Greenland.

In their comments on the prime minister's opening speech when the Folketing resumed work last Tuesday after the summer vacation, the chairmen of the government parties agreed that the speech was the best possible introduction to a new Folketing year. The speech was described by the opposition as advertising without content.

The section about Greenland was not particularly full of content this year either, as the prime minister concentrated on the fact that at the end of the year Greenland would leave the EC, and that the problems in connection with Greenland's departure have been solved in a way that enables continued good relations between Greenland and Denmark's cooperative partners in the EC.

"Greenland's departure from the EC of course does not change the relations between Denmark and Greenland, and the government is confident that in this country there will continue to be good and reliable cooperation with the Home Governments on Greenland and the Faeroes," said the prime minister. And he thereby in a few words also covered himself with regard to the other home rule area--the Faeroe Islands.

New Bills on the Way

In the written part of the prime minister's opening speech--the catalog of bills--it appears that the minister of Greenland affairs, during the coming Folketing year, will provisionally present four bills, and the minister of labor will possibly present a bill about the working environment on Greenland.

The latter bill will be intended to transfer Danish working environment laws to Greenland, with adjustments made necessary by special conditions on Greenland. In the catalog of bills it says that the desire for a revision of the Greenland worker protection laws comes from an awareness that certain shortcomings in the current laws have been confirmed, including insufficient flexibility and lack of regulations for substances and materials.

It can be expected that the minister of Greenland affairs will propose a change in the law about contributions to Greenland's Home Government and the Greenland municipalities, as a result of the Home Government taking over production and sales activity of KGH [Royal Greenland Trading Company] and business support beginning 1 January 1985.

"The bill must be seen in connection with the laws concerning support for business in Greenland, about production and sale of Greenland products and about the KGH, all approved in March 1984," he said.

Moreover the minister will propose bills about the establishment of a combined Danish/Greenland company to watch over public participation in oil activities in Greenland.

That bill became of current interest last week when the Combined Council for Mineral Raw Materials in Greenland approved the establishment in the Ministry of Greenland Affairs and the Greenland Home Government of concessions for exploration and exploitation of hydrocarbons in an area of Jameson Land at the beginning of the new year.

The bill will lay out the framework for the establishment of a combined Danish/Greenland company with the objective of watching over Danish/Greenland public participation in and carrying out of activities concerning exploration, exploitation and transport of hydrocarbons in Greenland.

A similar bill is awaiting action by the Greenland Landsting when it re-assembles at the end of the month.

Fifty Percent to the State and 50 Percent to the Home Government

Conditions of ownership in the combined company are established on the basis of combined Danish/Greenland authority in the area of raw materials, so that 50 percent of the stock is held by the Home Government and 50 percent by the state with the minister of Greenland affairs being responsible for the total administration of mineral raw materials in Greenland.

At the same time state ownership of stock in Nordisk Mineselskab A/S is involved, because the current law forms the basis for the state's economic co-operation with the establishment and operation of Nordisk Mineselskab A/S, and for the monopoly granted to the company for exploration and exploitation of raw materials in a part of east Greenland.

With the announcement of the above-mentioned concession for exploration and exploitation of hydrocarbons in Jameson Land, the 1952 concession for Nordisk Mineselskab was abolished. At the same time the state parted from the company by disposing of its stock holdings, so public participation in the new consortium is concentrated in the above-mentioned Danish/Greenland publicly owned company.

Ultimately the minister will present a bill for repealing the law concerning the Arktisk Minekompagni A/S. The current law is the basis for a monopoly for exploration and extraction of molybdenum etc. in an area of east Greenland.

However the concessions were recalled in 1975, and the Arktisk Minekompagni A/S, which is now a wholly owned subsidiary of Nordisk Minekompagni A/S, is today an inactive company. Repealing the law is thus a formal and orderly procedure, according to the catalog of laws, which constitutes the written part of the prime minister's opening speech.

9287
CSO: 3613/22

SIUMUT FOLKETING MEMBER LANGE DISCUSSES GREENLAND PROBLEMS

Godthaab GRONLANDSPOSTEN in Danish 10 Oct 84 p 8

[Article by Iod: "Preben Lange Says We Are Confronting Large Tasks in Coming Years"]

[Text] Siumut [moderate leftist party favoring greater local autonomy] Folketing member spoke during the Folketing opening debate of a number of tasks which Greenland society must solve during the coming years.

Copenhagen--"It is a tradition that something is said about Greenland in the prime minister's opening speech. That section is getting shorter and shorter every year, and I see that as a positive expression that developments between Greenland and Denmark are going in the right direction," said Preben Lange during the Folketing opening debate, and he said that must mean that the government is loyal toward the Home Government in Greenland, and that is a sign that the Home Government is acting in accordance with the principles established in the law.

He said of Greenland's approaching departure from the EC, which was the central point in the prime minister's section on Greenland in the opening speech, that during the entire course of events it has been said that the departure will not disturb relations between Denmark and Greenland.

"We continue to adhere to that," emphasized Preben Lange.

He then spoke of the takeover by the Home Government of KGH [Royal Greenland Trading Company] production and export activity on 1 January 1985 and said, "The climatic conditions in these years make it difficult to organize business life in Greenland, but we have the will to undertake the task, because it is natural that the country's business life is regulated by the popularly elected organs of the country.

"Just the takeover of this activity is a large mouthful for us, and I would like to point out that even though the Home Government is now taking over this responsibility, Denmark's joint responsibility for a good beginning is not thereby terminated."

Coming Tasks

Preben Lange also spoke of the expected takeover of the rest of KGH, which the government and the Home Government agreed will take place beginning 1 January 1986, and in that connection he said, "The development of costs can best be controlled from Greenland, when the Home Government has full competence and responsibility for as many as possible of the elements which control inflation, and it is in anticipation of greater influence on total economic policies--and thereby the structuring of cost developments--that the Home Government has expressed the desire to take over the rest of KGH.

"That will include the Home Government taking over the responsibility for supply services and internal traffic as well as to and from Greenland. These are areas which are of great importance to control of Greenland's economy.

"We are confronted by large tasks in the coming years," continued Preben Lange. "Tasks which will demand much from the individual citizen's feeling of responsibility and duty to work so that the entire society will derive happiness and benefit from it.

"But we can not solve these tasks unless there is flexibility and understanding between Greenland authorities and the Danish state, in order to gain the best possible result for all."

Oil Exploration

Then Preben Lange spoke of exploration for oil and minerals, and he said it was good that the previous day the Combined Council on Mineral Raw Materials had reached a conclusion "which it perhaps would not be an exaggeration to call historic.

"It has taken a number of years to reach this result, which means that the search for oil can now begin. It is very good to confirm that the combined council has now functioned well for 5 years, and that it has decided on an exploration concession which in our opinion is reasonable and balanced."

Preben Lange said that there are certainly still divided opinions about the social consequences of mineral and oil exploitation, and that it is difficult to disregard the decision of the combined council.

"That is perhaps also the background for the changed position of the opposition party at the last moment," he added.

"The position of my party continues to be that the goal must be that the population of Greenland gets greater and greater self-government over their own affairs, and we realize that can only happen if there is a rational connection with the possibility of self-financing," concluded Preben Lange.

9287
CSO: 3613/22

SIUMUT PARTY CONGRESS REELECTS MOTZFELDT CHAIRMAN

Other Party Officers Listed

Godthaab GRONLANDSPOSTEN in Danish 17 Oct 84 p 6

[Article: "Jonathan Reelected Siumut Chairman"]

[Text] He has two vice-chairmen: Moses Olsen and Agnethe Davidsen. Hans Pavia Rosing became treasurer and Ole Heinrich was elected as secretary of the board of directors and of the party's parliamentary group.

Jonathan Motzfeldt was reelected without opposition and by acclamation as Siumut party chairman at the national congress. But there was a change in the composition of the board of directors. There are now two vice-chairmen, i.e., first vice-chairman Moses Olsen and Agnethe Davidsen--whose particular responsibility will be party organization. Both vice-chairmen were elected without opposition.

Hans Pavia Rosing was elected treasurer, and former treasurer Ole Heinrich was elected secretary of the board of directors and of the party's parliamentary group. The rest of the board is as follows:

Lars Emil Johansen, Bendt Frederiksen, Jens Lyberth, Johanne Olsen, Ove Rosing Olsen, Ove Berthelsen, Emma Nielsen, Kaj Egede and Hans Iversen; Hansepaaajuk Gabrielsen was elected as accountant.

It was decided that the national congress should occur every third year in the future, and not every other year as previously. The 65 local districts each send one representative to the national congress. The local districts meet annually at the municipal level.

Socialist People's Party Guests

Godthaab GRONLANDSPOSTEN in Danish 17 Oct 84 p 6

[Article: "Socialist People's Party Represented at Siumut National Congress"]

[Text] The Siumut Party's former parliamentary coalition partner was represented at the Siumut national congress this year for the first time.

The Socialist People's Party was represented for the first time at the Siumut national congress by Anne Lund, the party's former member of the board of directors for the district party in Aarhus.

Anne Lund conveyed a personal greeting to the national congress from Socialist People's Party chairman, Gert Petersen, and she said that the Socialist People's Party sent its warmest greetings on the occasion of the annual meeting and that the party also sent its best wishes for this important deliberation session.

"We congratulate you on Greenland's liberation from the EEC and on the very significant results which have been accomplished under home rule under your socialistic inspiration," Anne Lund continued.

"The close relationship and the solidarity which has existed between the Socialist People's Party and Siumut since the founding of Siumut continues and will always continue because they do not arise out of party constellations, but from common international and socialist premises.

"We hope for the greatest possible future for Greenland and the people of Greenland and are convinced that Siumut will pave the way for a great and good future for your country and for the entire cross-section of the population of Greenland," concluded Anne Lund in her greeting from the Socialist People's Party.

Praises Inuit Ataqatigiit Cooperation

Gotdhaab GRONLANDSPOSTEN in Danish 17 Oct 84 p 6

[Article: "Great Confidence in Inuit Ataqatigiit Cooperation"]

[Text] At the Siumut national congress, party chairman Jonathan Motzfeldt characterized IA [Inuit Ataqatigiit] cooperation as constructive and fruitful, but complained that Atassut has become a rather unreliable party.

"I have great confidence in the cooperation between the board of directors and IA. The negotiations concerning Jameson Land have shown that it is a constructive and fruitful cooperation. However, as respects Atassut, I can only say that I regret that it has become a rather unreliable party. The party's minority statement on Jameson Land is really incredible. It expresses a position which the party never previously has stood for," Siumut chairman Jonathan Motzfeldt said at the opening of the party's national congress in Nuuk last Friday.

Jonathan Motzfeldt further stated that it was sad and regrettable that the opposition operated on such an unrealistic basis. It would be best for society if Atassut were more constructive in its solutions to problems instead of simply opposing the recommendations of Siumut.

No Isolation

In connection with the discussion of the withdrawal from the EEC, Jonathan Motzfeldt said that despite everything, Siumut does not seek isolation. And Greenland has now become a member of both the Nordic Council and the Socialist International, and thereby has the opportunity to maintain contact with the Nordic countries and Europe and the rest of the world.

Organizations and Siumut

Jonathan Motzfeldt said that Siumut has a very good relationship with SIK [a labor union], as is evident by "The Penitence Compromise." The relationship with KNAPK [a labor union] also is good, but could be even better. There also is a good relationship with the sheepfarmers' union and with the national Municipalities Union.

The Economy

The chairman expressed his pleasure over a continued balance in the country's economy, at the same time that he warned against making too many demands on the national leadership. The economy must be under control and that requires a little cooling down.

He said that energy constitutes a central part of the economic balance and that therefore, there are plans for discussing an overall energy plan for Greenland. The fewer expenses connected with energy, the more resources there will be for other endeavors. The agreement in Jameson Land should be viewed in this light and there is now the capacity for determining whether there is any oil in the area.

A Good Home

Finally, the chairman stated that Greenland must fight against the lack of better and greater educational opportunities, the lack of contentment and productive efforts, along with the blasé attitudes towards oneself and one's surroundings. And Siumut will be a part of that fight.

"We will use our power to create happiness over living in Greenland, and there will be a place for all of us without regard to sex, race or beliefs. We shall continue to build up our society and make our country into a good home," Jonathan Motzfeldt said.

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BUSINESS LEADERS CRITICAL OF KOHL MANAGEMENT STYLE

Duesseldorf WIRTSCHAFTSWOCHE in German 7 Sep 84 pp 20-24

[Article: "Nostalgia for Helmut"]

[Text] Publicly and privately, industrialists are criticizing Bonn's economic policy and Federal Chancellor Helmut Kohl's style of political management. A few cabinet members are given good marks, however.

The Suebian management consultant Karl Baumgartner says it so openly as is customary in his state: "As an entrepreneur, Helmut Kohl would be unsuitable." The judgment concerning the management qualifications of the Bonn government leader is unequivocal: "This is no management; this is hushing up and dragging out the problems." Carl Zimmerer, Baumgartner's colleague from North Rhine-Westphalia, agrees: "Kohl does not lead the team. The mood in industry would be better if someone pointed out the way."

Likewise, Rolf Rodenstock, president of the Federal Association of German Industry, openly voices his dissatisfaction with the often muddled course of the Kohl Cabinet, even though his phrasing is cautious: "Actually, what we need is long-term orientation." In this regard, he says, Bonn's policy calls for some "question marks": "As far as that goes, criticism of the present style of government is not entirely unfounded."

Undoubtedly: There is pent-up dissatisfaction, even though not all business leaders are prepared to make open comments. According to a top manager, this reserve is understandable: "The employers have for years been wishing for a bourgeois government; not for anything in the world are they going to attack it."

For the time being, this goes for most of them. But after a "summer of displeasure" (DIE ZEIT), after a chain of slip-ups and coalition squabbles, and, above all, with new problems and an economic downswing looming in the foreseeable future, some industrialists appear once again to be considering ways of bringing about a political turnaround.

Longing for the strong man or for more team spirit? One encounters both. Klaus Guenther, chairman of the Federal Association of Young Employers (BJU),

wants the Bonn leadership to develop a "corporate identity" so that it would be self-evident that everyone works for the same company and knows its objectives.

Indeed, this is lacking. Everyone does and says whatever he or she pleases. Symbolically--and vicariously--Helmut Kohl slapped Stefan Hoepfinger, permanent under-secretary at the Ministry of Labor: "Like many other things, the statements of Mr Hoepfinger were quite superfluous." The CSU man had called for increasing the old-age security contributions from 18.5 to 19 percent.

The list of superfluous things is long--ranging from the Kiessling scandal and the abortive amnesty plan (where the Free Democrats forced the stronger coalition partner into an embarrassing retreat) to the latest dispute over automobile emission controls. As it is, the subject of the "catalyzer" has split not only the coalition, but also the chancellor's own party: by now, practically every minister president of the Union has presented his ideas on how to effect cleaner automobile emissions. Regarding the views of the chancellor, the only thing known so far is that he is "firmly resolved" to "do his utmost to bring about a reasonable solution within the European Community." According to the chancellor, a reasonable EC arrangement presupposes that the "Federal Government does its homework." The German automobile industry--supported by the Ministry of Economics--has now given the chancellor some private lessons on this problem. As regards a final decision on the modalities of the catalyzer start-up, however, the Cabinet will probably keep dragging its feet up to the 19 September session.

And the pressure extends beyond the realm of environmental protection, where the chancellor through his single-handed Buschhaus decision steered the coalition into an undertaking that weakened all parties except the Greens. The fact that the Braunschweig Administrative Court temporarily blocked the start-up of the controversial coal-burning power plant on the grounds that the public had not been adequately informed can likewise be regarded as indirect criticism of Kohl.

And it is certainly annoying that loose talk of West German politicians provided the GDR's head of state, Erich Honecker, with a welcome excuse for canceling his state visit.

Certainly not an auspicious start of the work after the summer holiday, the slip-ups and farces of which should by rights be left behind: Kohl's causing the FRG to lose the EC Commission chair (WIRTSCHAFTSWOCHE No 31, 1984), or the Cabinet's embarrassing disunity vis-a-vis the task of passing the important labor bills introduced by Norbert Bluem. There surely are more than enough assignments.

The old-age pension fund is a telling example in this regard. Contrary to the repeated declarations of the federal minister of labor to the effect that under the present government old-age pensions would pose no problem in the medium term, he now must face the fact that next year the old-age insurance system will show a deficit running into billions. To be sure, Bonn is not directly responsible for the deficit, because it was caused by the low wage

increases stipulated in last spring's wage agreements. Then again, however, Bonn is not entirely innocent: even in alternative calculations, Bluem was not allowed to base his forecasts on a reduction of working hours entailing lower income gains. For any reduction of the work week was taboo. Other recommendations likewise went unheeded. Says Dr Rudolf Kolb, managing director of the Association of German Old-Age Insurance Underwriters: "Now we have to pay for the sins of omission of the last 2 years."

Bluem himself is the one least responsible for this. The committed Christian Democrat apparently is considered an acceptable expert by most employers, even though he belongs to the left party wing and is criticized for wanting to ease rigid, performance-inhibiting regulations, while creating new regulatory proliferation in the process. A comment from industry: "Bluem produces good ideas, but all too often he is slow in following up on them." Minister of Education Dorothee Wilms is likewise found wanting in courage. Says BJU [Federal Association of Young Employers] Chairman Guenther: "She should consider unconventional approaches so as to solve the problems in connection with vocational training vacancies."

Guenther is also disappointed--and he is not the only one--with Minister of Post and Telecommunications Christian Schwarz-Schilling whose cable network policy is regarded by the Federal Audit Office as an "incalculable adventure." The displeasure of the private industrial sector focuses on the fact that contrary to previous promises the postal service has further consolidated its monopoly instead of inviting competition.

Still too much state, too much control, and unnecessary, costly interference--and this goes also for research policy. "I know people who walk every 14 days through their plant and check if someone has attached new devices to a lathe," an industrialist says about colleagues of his; "then they submit this to the Research and Development Program and collect. This is a concealed tax refund."

Whenever mention is made of taxes, the criticism gets louder than usual. Says Paul Schnitker, president of artisan chambers: "One could say that in regard to tax policy the private industrial sector has not benefited as much as one would have expected on the basis of previous statements" (WIRTSCHAFTSWOCHE). Harald Erichsen, board chairman of the Batig Investment Company, deplores the "conflicting statements on tax policy"; he feels excise tax in particular represents a "potential obstacle" to a consumer-oriented group of enterprises.

According to Reinhold Stoessel, head economist of the Dresden Bank, the consolidation of the budget--and thus the achievement of Minister of Finance Gerhard Stoltenberg--cannot be valued too highly; the chambers of industry and commerce, however, regret that the promised weeding of subsidies has not taken place. The farmers are certainly pleased to get more support from Bonn, but Otto Wolff von Amerongen, president of the Federation of Chambers of German Industry and Commerce, points out: "This new agrarian subsidy is more than just a mistake; it is a sin, because it sets a precedent."

The Mittlerer Neckar IHK [Chamber of Industry and Commerce] draws a bitter conclusion: "The good intentions expressed at the political turnaround in Bonn have not been carried out. Advocates of a social economy note with increasing concern that the Federal Government is abandoning discernible approaches to well-defined goals and is ignoring its own declarations of intent."

So management consultant Baumgartner ironically recommends that Helmut Kohl read his own inaugural address. Says a machine maker: "The ministers do not realize the importance of details. Adenauer occasionally studied files from cover to cover." Management consultant Zimmerer points out: "As soon as someone gets to be a minister nowadays, he or she starts traveling. No one really has complete command of the machinery"; but after all, "none of them ever held a responsible position in a large-scale enterprise."

But can one successfully govern the FRG enterprise without detailed knowledge of economic interconnections? The opinion of a management consultant: "No." And this is meant for the chancellor. Carl Zimmerer, noted for his sarcasm, goes even further: "Ludwig Erhard was incapable of leadership, but at least he had an idea." It should be remembered that Erhard failed in consequence of the FRG's first economic crisis of the postwar period.

Helmut Kohl has no use for such evocations of the past. In his view, the achievements of his coalition are "self-evident"; nevertheless, he wants to change its composition through a cabinet reshuffle in the spring of 1985. But even his own party friends doubt whether he has that much time left. An earlier date could possibly be set by the man who started the 1984 series of slip-ups--Federal Minister of Defense Manfred Woerner.

According to the long-term plans recently presented by Woerner, the Federal Armed Forces are to be reduced from the present level of just under 500,000 troops to 450,000. An expert on the complex German-American NATO relations predicts that "no German defense minister will survive that."

But what about the survival of the entire government, which is marked--contrary to the chancellor's big talk--by continuing coalition quarrels? And how long will the government leader be able to continue radiating his "power of persuasion on the TV screen" (as an industrialist put it)? At what point will "an atmosphere of insecurity entail a cautious investment approach" (Batig boss Erichsen)?

According to an authority on the entrepreneurial mode of operation, the growing dissatisfaction in industry has not yet produced any discernible effects. But if a depression looms up next year or in 1986 (and unfortunately this is all too likely), even those employers would speak up who now--under favorable economic conditions--still remain silent. Wanted: A chancellor for critical times--capable of leadership and economic management. According to an industrialist, "Many employers are nostalgic for Helmut." The previous one, of course.

PERSONALITIES, NEW POSITION IN GOVERNMENT RESHUFFLE

Stability of Government Members

Athens TO VIMA in Greek 23 Sep 84 pp 18-19

[Article by Olga Tremi]

[Text] Although less than 1/3 of the ministers and deputy ministers have remained in their posts during the nearly three-year PASOK rule, the majority of those reshuffled were not removed from office; they simply were either placed in other ministries, promoted or demobilized temporarily to be recalled promptly in subsequent phases of government reshuffling.

An analysis

The political geography of the three government reshuffles shows that the ministers of foreign affairs, Mr I Kharalambopoulos, of public order, Mr I Skoulazikis, of culture, Mrs Melina Merkouri and of Northern Greece, Mr V Intzes, are the three most "stable" ones - they have remained in their posts for the past 35 months.

The prime minister, Mr A Papandreu, also holds securely his post as minister of national defense. Last Thursday, two more ministers lost the title of "stable" minister. Mr A Tsokhatzopoulos was promoted to minister to the prime minister and Mr A Tritsis is no longer in the government.

There are also five "stable" deputy ministers: in the last 35 months, those who remained in the same position are: press, Mr Dimitris Maroudas, education, Mr Petros Moralis, communications, Mr Josif Valyrakis, as well as Mrs Maria Kypriotaki-Perzaki and Mrs Roula Karamanaki. Not included are those "promoted" in the same or related and unrelated Ministries.

Mr Dimosthenis Dimosthenopoulos is also in the category of the "stables", despite some adventures. He began at the Ministry of Finance, went over to the Ministry of National Economy, after a brief interruption of government service, and finally when Mr Pottakis and Mr Pitsioris resigned, he was reassigned to his initial post.

The category of "stables" also includes a number of deputy ministers, known as the "new persons" from the first government realignment, who have remained in their posts after the second reshuffle. Messrs K Laliotis, I Kapsis, P Zakolikos, M Papaioannou, A Georgiadis, St Papathemelis, K Aslanis and Vas Papagiannis are included in this category.

Tsokhatzopoulos' Urgent Duties

Athens TO VIMA in Greek 23 Sep 84 pp 18-19

[Article by Kh Bousbourelis]

[Text] It should be noted that after last Thursday's government reshuffle, the minister to the prime minister will have to undertake the extremely difficult task of regaining as many as possible of the 100,000 local former voters of PASOK, in the five precincts in and around Athens, who left the party during the European Parliament elections of last June.

Moreover, he will also have to convince another 600,000 residents, who normally leave on election eve to vote in their villages, that something has been done about the smog and the nerve-wracking traffic problems of Athens, so that they will not be influenced by these problems when they are voting in their villages, where these problems do not exist. In any case, that is the only thing that the great master of Athens, as he should be called, could do about Athens. The problems of the high cost of living and the rising crime are not in his jurisdiction. With regard to the problem of the unlicensed construction of buildings, the only thing he could do to halt it during the pre-election period is to artificially increase the prices of the construction materials.

There is smog in Athens and it is annoying. The Athenians suffer on a daily basis because of the traffic problem. The streets of Athens can no longer accommodate even half of the private automobiles and the buses are moving with the speed of rubberneckers. The residents of the capital have grown indignant and the elections are coming up soon. He must do something.

One could argue that these matters should not concern this column. They are of a technical nature, appropriate for transportation experts and other technocrats. However, with only a few months left before the election, these matters are mainly a political issue. Any projects that could begin now, will not yield any results before the election. Plans and visions for the end of the century will not be convincing. Only practical solutions, even if they only patch things up are needed, but they should have immediate political consequences.

A group of specialists from PASOK was supposed to have completed a scientific analysis of the European Parliament election results by mid-August. This column does not have at its disposal the results from this well-sealed secret analysis, in order to forecast the goals that should be set for Athens, a city

which elects 1/4 of the parliament and which has been, since 1977, behaving like a pendulum regarding its political preference, as indicated by the table.

Between 1981 and 1984 PASOK lost 14.41% of its power in the five precincts of Athens. This means 100,000 voters in the Athens area alone. No one really knows how many more voters among those that suffer in Athens but vote elsewhere did not vote for PASOK in the last election. Precisely these are the voters that the minister to the prime minister must try to regain, if in the end, as it is said, he assumes the management of the battle of Athens.

That someone sometime had to be the real coordinator of government measures for the Athens area is beyond debate. Now, if Mr Tsokhatzopoulos decides for other reasons not to undertake this task, then the capital will remain at the mercy of some committee of cooperating ministers. In that case, the battle will be fought with political slogans only, without the supporting power of a series of indirect measures with direct political importance.

Given the way things are, the question is whether there is any time left even for a practical solution that only patch up things. Moreover, the question is whether these solutions would allow beneficial political options.

If, for example, a decision on the traffic was to be made, are there any approximate data that could aid someone in calculating even approximately the political cost involved?

In other words, if a choice had to be made between the transportation system and privately-owned automobiles, can this choice be made with some additional criteria besides someone's political feelings?

Someone should study all the political variables of this problem very carefully and decide what needs to be done having as a criterion the least political cost. Someone else higher up should calculate how much more onerous the political cost will be if no decisions are taken at all, or even worse, if some decisions are announced one day and retracted the next, or never enforced.

All these of course sound very unimportant compared to the theoretical issues that face us. These are better left for those who can deal with them better. However, these seemingly trivial problems may prove decisive in the fight to regain the 100,000 centrist Athenians and others who left the party. In such a case, these problems should be the concern of Mr Tsokhatzopoulos.

**The Results of the last three elections
in the five Precints of Attia**

	1977	Difference	1981	Difference	1984
No. of Voters	1,342,172	+ 150,771	1,492,943	+ 85,136	1,578,079
PASOK	337,299	+ 363,624	700,923	- 101,068	599,855
ND	518,595	- 78,949	439,646	+ 113,367	552,953
KKE	181,154	+ 47,552	228,706	+ 6,620	235,326
KKE (Interior)			37,822	+ 81,147	118,909
Alliance	66,744				
Extreme Right			22,898	+ 4,990	27,288
National Front	70,957				
Center			24,602	+ 4,493	29,095
EDIK	125,527				

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POLITICAL

GREECE

NEWSMAN'S OUSTING FROM PASOK RAISES QUESTIONS

Newsman Ousted

Athens TA NEA in Greek 15 Oct 84 p 3

/Text/ The PASOK press office announced last evening that in accordance with a decision of the party disciplinary council Mr Giorgos Massavetas, a journalist, has been ousted from the party.

The disciplinary council's decision read as follows:

"The PASOK disciplinary council met today under the chairmanship of Dimitrios Pagoropoulos and examined (1) the systematic and continuing anti-party behavior of Mr Giorgos Massavetas, journalist and PASOK party member, and (2) a series of signed articles of his that have been published over a period of time and that are aimed against important officials of the movement and government. These are articles that for the most part correspond to identical views of the Right with the result that these articles are praised by the rightist press, create confusion and disorientation among PASOK members and friends and generally damage the cause of change.

"After having made the above-mentioned observations the PASOK disciplinary council came to the conclusion that the journalist, Mr Giorgos Massavetas, no longer has a place in the ranks of the movement. He has therefore been ousted."

Newsman's Letter to Papandreu

Athens ELEVTHEROTYPIA in Greek 15 Oct 84 p 6

/Excerpts/ Much good may it do you, Mr President. Besides, what is my ousting worth in the face of the great issue of Change? If the government and Movement should get on better with the removal of an alternate member of a central committee --who did not kill himself at meetings-- then, much good may it do you seven times over.

I hope, Mr President, that your present friends will behave better toward you than I did during the difficult years of 1974-1977.

Of course, I will continue. Without fear and animosity. I will not shut my mouth. Even if the ousting is followed up by mudslinging. This newspaper which has never censored me, even when it did not agree with me, is offering me this

opportunity. Besides, I will not always be a journalist. And those who dragged you to make this decision will at some point in time be ousted by the seismic wrath of the grassroots. I am not making a defense today. Even though I was tried and sentenced without a court --I know that the disciplinary council did not convene-- and without a defense. Perhaps because those who proposed my ousting were afraid to bring up the matter before the disciplinary council.

I am sorry for only one thing, Mr President, and that is that my telephone does not have a voice so I can send it to you and tell you all that it hears.

But, truthfully, when did you realize that I had "rightist" ideas and that "generally-speaking I am damaging the Movement of Change?" Now that I have found Ariadne's ball of thread in this dismal issue --like Masonic lodges-- of selling out the differential to Israel /for an explanation of the term "differential" and also of the term "gears" that appear later on, please refer to the last item in this related items report/.

Journalist Massavetas will continue checking up on the government. Citizen Massavetas will continue supporting the struggle for Change. This choice belongs to me, just as it does for every citizen. And no ousting will take it away from me, Mr President.

Affair Reportedly Involves Tsokhatzopoulos

Athens ENA in Greek 25 Oct 84 p 11

/Text/ Gears, differentials and masons were involved this time in the most bitter fight among PASOK officials, a fight the first (visible) result of which was the cheering by the Gerasimos Arsenis group. A victory won on points because the fight is expected to go many rounds.

This has to do with a reckoning that had been expected for some time now, almost from the time when it appeared that G. Arsenis ("the greatly ambitious technocrat" as he is described by PASOK) was not going to remain satisfied with the post of minister of national economy.

If one were to try to provide a reason for this clash, without, however, matters being absolute in this regard, one could say that it is a clash among old leading officials of the Movement and among those who are slowly moving up due to their participation in the government.

The prime protagonists in the clash at this time are Minister of National Economy and Finance G. Arsenis on the one hand and Minister to the Prime Minister Akis Tsokhatzopoulos on the other hand.

Free masonry and gears are not the main characteristic of the clash but one of the spheres on which it has developed. The prime characteristic is on the one hand an attempt by G. Arsenis to move up and on the other hand the attempt by A. Tsokhatzopoulos to stop such a development.

At this phase --unknown for how long-- most of the party executive office members are behind A. Tsokhatzopoulos.

The first public manifestation of the clash was the removal of D. Sotirlis from PYRKAL /expansion unknown/. No one in A. Tsokhatzopoulos' entourage and more specifically none of the high-ranking PASOK officials forgave G. Arsenis for this action.

Immediately after the recent government reshuffle the clash in the two camps --a clash that had never, in fact, stopped-- was revived.

Akis Tsokhatzopoulos, with his title "minister to the prime minister" is endeavoring more and more to take control over both the party apparatus and also the governmental one.

He thus inevitably is clashing with G. Arsenis who holds the economic sector of the government solidly in his possession.

In this clash and as far as the "neutralization" of G. Arsenis is concerned, members of the party executive office are standing behind A. Tsokhatzopoulos despite their opposition to his moving up in the ranks.

As far as the clash itself is concerned --that became public when the journalist G. Massavetas made his revelations about gears, etc. and leveled serious charges against G. Arsenis and his brother, V. Arsenis, president of EVO /Greek Arms Industry/-- party executive office members are maintaining "pertinent silence" since published reports are serving their purpose, namely the cleaning up of the situation.

On the other hand, G. Arsenis is moving quickly to inform the prime minister's entourage that he is not disposed to accept this situation and the charges made against him, charges that, as he himself mentions, "originate from high levels of the Movement that monopolize power and are trying to hold on this advantage."

From this moment on, an "executive fragment" was ready to shoot at the very first move made by the opponent. And that first opportunity came on Sunday, 14 October, when G. Massavetas continued his revelations about gears and differentials, this time bringing in free masonry into the picture.

His ousting from the party that was decided on and implemented by Kastri (without the participation of disciplinary council even convening on this matter despite contrary statements by the government spokesman) came about after G. Arsenis' demand (Arsenis reportedly said "it's either him or me") and A. Livanis' support. The latter had been criticized often by G. Massavetas in his newspaper column.

At the same time, Massavetas' ousting constituted an indication to everybody that matters were not going to be left to their own fate.

The next day, party executive office members who convened at Kastri did not lose the opportunity and brought the matter up indirectly for discussion. On the initiative of Vassos Papandreou, the executive office discussed the matter "that is creating ugly impressions for the Movement."

During the discussion the executive office members brought up the vague references "about the damage being done to government operations" and they generally asked for a "cleaning up of the whole story."

On the other hand, G. Arsenis who, as it has been reported, was called to the executive office "to inform it on nationalizations," put the matter bluntly: "I do not intend to sit down under these conditions."

Discussion of the issue was not continued that same day and while the executive office members were preparing their next counterattack the prime minister put an end to the matter with his press conference at the Zappeion when he said, "G. Arsenis has my complete and unreserved confidence." He thus forced the executive office members to continue their activities "underground" until a new level of the clash can be found. A clash that is continuing.....

Arsenis Brothers Implication

Athens MESIMVRINI in Greek 23 Oct 84 p 7

/From the "Problems and Ideas" column by the Dialectician: "Sons-in-Law and Friends....."

/Text/ It appears that the situation within PASOK has reached such a point that the brother of a minister, an important party official and head of the Greek war industry, has ridiculed relatives and associations of Mr Papandreu, while the latter comes out publicly and praises his brother the minister!

Of course, I am speaking about that ironic phrase used by Mr Vikendios Arsenis about Katsanevas. Mr Katsanevas happens to be the prime minister's son-in-law. It also happens that he is (altogether by chance and because he is worthy) president of the Labor Force Employment Organization (in other words he increased the number of unemployed to 315,000!). So, Mr Vikendios, talking to reporters about the famous invention of the "differential without gears," said the following:

"Mr Katsanevas believed that with this invention he would make unemployment disappear from Greece, while Mr Sotirlis believed that it would resolve PYRKAL's problems....."

He also described the invention as being similar to that of the well-known Kamateros water! With this comparison he above all hit at I. Kapsis, today deputy minister of foreign affairs, who had propaganized this water, and also at the minister of research and technology who 2 days before had stated that the gearless differential "is a very important invention that can significantly help our country." Mr Lianis added that certainly "this is not the invention of the century" but there is as much difference between an important invention and the Kamateros water as between a crazy person and a logical one....

Our doubt therefore is: How does it happen that Mr Arsenis speaks so ironically and offensively about Mr Papandreu's relations and associates while the prime minister comes out and gives a certificate of merit to his brother?

If I am not mistaken, Mr Papandreu also said that "it is sad that attacks on Mr Ger. Arsenis, who left a career in America, are being coordinated." (He left and came here to become the czar of our economy). So be it! But from where are these "coordinated attacks" coming? Is it possible that the prime minister's

son-in-law himself is involved in them? And who are the others? Does it perhaps involve ministers and high-ranking officials? Why then does Mr Papandreu keep them in their present positions?

It is characteristic that Mr V. Arsenis also made the following revelation: He said that the attacks against him occur whenever an exhibit of war materiel is organized just as the one that took place this year. Some mysterious enemies or opponents of the new "Artemis-30" anti-aircraft weapons system began their war against the Greek War Industry and against the Arsenis brothers. It is clear how the matter becomes more serious at this point: Anything that relates to the Greek war industry is of great national importance, while attempts to diminish the importance of a weapons system cannot but be considered a form of sabotage. Can we believe that the prime minister's relations and associates are involved in such endeavors?

If this is so, then with what right does Mr Papandreu protest the Boutos move in the EEC? There at least it was a question about an action that was aimed at turning aside a deception, while what is occurring with our war industry, i.e. these attacks, not by Turks or bad Americans but by relatives and friends, is really dangerous. It would be good if the guilty parties of these "coordinated attacks" be discovered before we are led to some national disaster.

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CSO: 3521/56

BILL REPORTEDLY UNDERMINES DIPLOMATIC SERVICE AUTHORITY

Athens 1 KATHIMERINI in Greek 19 Oct 84 p 1

/Text/ The scheduled plan for the establishment in the Foreign Ministry of a partisan mechanism which will charter the country's foreign policy has since yesterday shaken up the diplomatic corps. Diplomatic circles are warning that with the introduction in the Chamber of Deputies of the relevant draft law, the government not only removes from the foreign service some of the most sensitive sectors of its activities in order to assign them to its followers by using only political criteria, but also creates dangerous possibilities for the national issues.

In addition, the government lets it be understood, albeit indirectly, that the Ministry of Foreign Affairs is unable to study and keep track of foreign policy issues in a versatile and scientifically substantiated way. More specifically, as diplomatic leaders point out, with the establishment of the two independent services in the Foreign Ministry, the government:

- a. Breaks up the uniformity of national representation since the voice and opinion of the experienced technocrats will be transferred to appointed, inexperienced amateurs in diplomatic affairs and who possibly will orient their efforts to the expediency of their party obligations and their professional advancement.
- b. Creates dangers of international complications in an especially delicate phase of our national affairs at a time when other countries including Turkey exert every effort to strengthen their foreign services.

Expensive Staffing

It is also pointed out that the new information service for projecting the Greek positions is being assigned to a chief with a "B" grade which is for special positions (diplomat) and which is equivalent to the grade of a ministry secretary general. In other words, the appointee will have a higher position than career diplomats, ministry directors and the whole hierarchy of the Foreign Affairs Ministry. This creates confusion as concerns the qualifications of the 12 special advisers and the 10 permanent employees and their grades and compensation. This, it is also pointed out, constitutes an arbitrary and biased staffing of the services without competitive examinations or other impartial procedure.

The New NPDD

More impressive is the structure of the Legal Entity of Public Law for the study, projection and support of Greek positions and interests in the field of foreign policy since these jurisdictions are blatantly removed from the Foreign Ministry. It should be noted that there already exists a Directorate of Study and Planning which has been established for the implementation of the above objectives and which is directed by Ambassador Al. Koundouriotis.

No participation of diplomatic employees in this service is anticipated-- a fact which prompts the same amazement which would be created if members of the Armed Services did not participate in a corresponding service for the study of defensive problems.

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CSO: 3521/38

POLITICAL

GREECE

KKE (INT) CONDITIONS FOR COOPERATION DESCRIBED

Athens I KATHIMERINI in Greek 3 Nov 84 p 2

/Excerpts/ Mr Giannis Banias, KKE (Int.) secretary general, said yesterday that there is no possibility of the KKE (Int.) and PASOK going into the next parliamentary elections together unless the simple proportional electoral system is in effect. He made this statement at a press conference given at the conclusion of the party's fourth congress.

Answering a question as to whether any possible post-election proposal by PASOK for government cooperation might be acceptable, G. Banias said, "We are not opposed to having cooperation expressed also on a government level. Besides, this is one of the basic topics of discussion at our congress that will formulate the general context and direction of such a prospect. Of course, we will not go into the detailed scenarios on the issue."

With reference to the election of a new president of the republic, Giannis Banias stressed that the KKE (Int.) had disagreed over the excessive area of jurisdiction the constitution gives the president. Nevertheless, he added, we have not yet come to a conclusion. Also, we will evaluate all the facts and there is no question of our avoiding a fight because we have no representation in the chamber at this time.

5671

CSO: 3521/63

ND SEEN LAST BULWARK OF DEMOCRACY AGAINST KKE

Athens I KATHIMERINI in Greek 4-5 Nov 84 p 9

/Editorial: "From Then On and Later...." /

/Text/ It would have been not only unusual but also disturbing for ND's possibility for surviving as a vital political organization if all that is occurring in its internal affairs did not occur. Because of political developments that have their roots many decades ago the party "terrain" has been dichotomized to its greatest extent. The dichotomy has been rendered more manifest by the multi-partition of the remaining segment, that does not exceed one-fifth, with the more important among these "pieces" being the dogmatic KKE.

Nevertheless, the sharing of electoral influence between the two larger parties, for the very first time in our political history, is inspired by ideological and socio-economic positions so different --it is true that it is still not known how different they are-- between them that the idea of how one party could possibly become the normal successor of the other in the exercise of power is disappearing. This truth results in that, over and above party formations, be they big, small or insignificant, the dichotomy of party life is becoming a partisan dichotomy of the entire electoral body.

On the one hand, all the socialist parties will inevitably be grouped into one party in view of succeeding in getting control of power even when the "leader" party, i.e. PASOK, should fail in securing parliamentary self-power. On the other hand, as the sole "recipient" of the aspirations of the bourgeois, of the non-socialist party, is ND alone. Consequently, ND has as its prime characteristic not the representation of the followers of a given party, with homogeneous political concepts, but the representation of voters with changing concepts. However, one common aim links the latter: power should not remain in the hands of the socialist party!

Is it possible for ND to change and be converted into a "body" capable of gaining the acquiescence of the people who have become disappointed over --or frightened by-- socialist "experiments?" Is it possible for ND not to stumble over the opposition of those who continue to view it in its narrow party dimensions and not in its broad party dimensions? The latter people are those who insist that the "principles" that formed the Greek "Right" and with which the "victorious" party battles were achieved are still valid today. That these "principles"

are all the party needs to help pull away the majority of the citizenry from "socialism" which exploits to the extreme the defects (including the errors) of the traditional bourgeois power.

Public opinion has in the past few days become a witness to this "stumbling" toward widespread and underdeveloped opposition. Of course, personal antipathies and ambitions become mixed up in this. Thus, the impression might be created that the latter are more responsible for the incidents and not the theoretical or contrary party tactics.

Nevertheless, regardless of which of the two impressions prevail, there is one fact that remains constant and firm: If ND does not show signs of being adequate to restore democratic functions to those areas where under PASOK they lost ground and to put into motion those productive mechanisms, that were deadened or numbed, so as to overcome difficulties -- the solutions to which Mr Arsenis is putting off to some future date in view of finding some resolution to them-- the government will remain in the hands of the socialist party after the elections. Not the one that represents the "Movement" of Mr Papandreu but the one that is "motivated" by dogmatic communism!

From then on and later, fighting within the ranks of the bourgeois party will be more or less meaningless!

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CSO: 3521/63

PASOK REPORTEDLY ATTEMPTS TO BALANCE RISKY ARAB POLICY

Athens I KATHIMERINI in Greek 4-5 Nov 84 pp 1, 3

/Article by Kostas Iordanidis/

/Text/ The Greek Government is being forced to take measures to help bring about a balance in its policies vis-a-vis the Arab world since with its policy to date it has managed to get itself embroiled in inter-Arab disputes resulting in causing damage to its own national interests and also in upsetting the delicate balance that had been established by past ND governments.

Such evaluations are being voiced by diplomatic circles in Athens in view of Prime Minister A. Papandreu's forthcoming visits to Syria and Jordan scheduled for 8-11 November.

These same circles note that when the PASOK government came to power it attempted to develop the Arab factor and to play a substantial role in Middle East developments, without any success, however, because by adopting an outright hostile policy vis-a-vis Israel it automatically placed itself outside of a mediatory solution since the settlement of the Middle East problem lies halfway with Israel.

It appears that these above-mentioned evaluations have also been perceived by the government itself, given the fact that the communique issued after Mr Papandreu's visit to Libya was most moderate as far as Israel is concerned, while the joint Turkish-Libyan /as published/ communique of 25 March mentioning the "Zionist occupation of Lebanon" had provoked immediate opposition in the American Congress and a scathing statement by Congressman Tsongas (CONGRESSIONAL RECORD, 21 June 1984).

Well-informed circles stress that the fact that the Greek prime minister's forthcoming visits to Syria and Jordan are for balancing out policy is borne out by the fact that these two countries present very limited economic and political interest.

According to the evaluations of these circles, the political context of the talks Mr Papandreu will have with the leaders of the two Arab countries appears to be rather flexible.

Specifically, as far as the Palestinian issue is concerned, the Greek prime minister has identified himself essentially with Yasir Arafat, PLO leader, with whom Syrian President Assad is on very bad terms.

Also, with regard to the Iran-Iraq war, Mr Papandreu cannot do anything but express a commonplace hope for its rapid termination given the fact that Syria and Jordan are supporting Iran and Iraq respectively and consequently it would be inconceivable for the Greek prime minister to take a position in support of one of the two adversaries as he had done when he assumed power by standing up for Iraq which had unleashed the war against Persia.

Turkey and Cyprus

It is improbable that Mr Papandreu would make a denunciative statement against Turkey, on the one hand because Jordan maintains excellent relations with Ankara and on the other hand because Syria, by reason of its common frontiers with Turkey, is not disposed to come into a confrontation with a powerful neighbor at a time when it is facing serious domestic problems and when it has sent a large segment of its military forces to Lebanon.

As for the Cyprus issue, Syria has always voted for Cyprus' positions in the UN General Assembly, while Jordan either abstains or is not present when voting takes place.

Moreover, prospects for economic cooperation between Greece and Syria and Jordan are limited primarily because these two Arab countries do not produce petroleum.

Economic observers note that the export of primarily agricultural products to Jordan might be increased, but so long as the Syrian-Iraqi frontier remains closed there is no possibility of the Volos-Latakia ferry resuming operations.

Finally, the fact that Syria is spending a vast portion of its GNP on armaments and for the maintenance of the Syrian occupation forces in Lebanon greatly limits the possibility of implementing a developmental policy.

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CSO: 3521/63

PASOK EFFORTS TO ATTRACT CENTER

Athens I KATHIMERINI in Greek 7 Nov 84 p 2

/Text/ The government party is attempting to make a breakthrough to small parties and politicians of the Center and Left by holding high-level talks. Yesterday, Mr I. Zafeiropoulos, former PASOK deputy of the Second District of Athens and ESPE /United Socialist Front of Greece/ official, issued a statement announcing that he was joining PASOK. At the same time, it was officially announced that Mr Ak. Tsokhatzopoulos had met with the KODISO /Democratic Socialism Party/ leadership! These openings are not isolated cases but, according to published reports, they are being made toward other cadres too, especially toward those who had been in the past purged from PASOK.

With respect to the meeting between Mr Tsokhatzopoulos and Mr Kh. Protopappas, KODISO secretary general, KODISO announced the following proposals made by it:

- "The simple proportional electoral system should be quickly adopted."
- "A ceiling should be determined for electoral expenditures by parties and candidates."
- "A law should be adopted that would oversee the pluralistic operation of the state mass media and would give practical meaning to the constitutional ruling on having the media operate objectively on equal terms for all."
- "A code of journalistic deontology should come into being between newspaper publishers and journalists that would promote the enlightenment of public opinion objectively and that would compare political affairs soberly and through argumentation."

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CSO: 3521/63

BRIEFS

KKE(INT) LEADERSHIP CHANGES--Leonidas Kyrkos will give up his capacity as Euro-deputy and will be replaced by Kostas Filinis. A related decision was made by the KKE(Int) Central Committee (KE) which met last Friday to Sunday. Political observers, referring to this decision, consider it an omen of more general changes in the party hierarchy, very possibly concluding with the replacement of G. Banias by Kyrkos as secretary general. The official excuse for Kyrkos' replacement by Filinis in the European Parliament is to strengthen the party's organizational effort in view of the upcoming parliamentary elections and the party congress which will be held in March 1985. The following announcement about the Central Committee's decisions was issued: "First, the KKE(Int) Central Committee, in accordance with its constitution, has finalized its decision to proclaim the conducting of the party's fourth congress in March 1985. The proposals made to delay the congress until after the elections did not collect the two-thirds majority of KE members provided by the constitution. Second, the KE has studied political developments and has made a series of decisions. In the frameworks of strengthening the work of the Executive Office and secretaryship, and upgrading the party's whole political, mass and organizational work, particularly facing necessities in the upcoming electoral battle, the KE has decided that Leonidas Kyrkos shall return from the European Parliament by the end of 1984. The KE has decided that Kostas Filinis, who was in second place on the party's Euro-ballot, will take over Kyrkos' position. [Excerpts] [Athens I KATHIMERINI in Greek 23 Oct 84 p 1] 9247

CSO: 3521/50

DE KONING ON RELATIONS WITH NETHERLANDS ANTILLES

Amsterdam DE TIJD in Dutch 5 Oct 84 pp 34-35

Interview with Jan De Koning, Dutch minister of Netherlands Antillean affairs, by Ton Oostveen, on Aruba; date not specified: "Minister Jan De Koning: 'The Netherlands Is Not Going To Buy Antillean Unity'"

Text Minister Jan De Koning is responsible for a great deal of money. The 1985 national budget allocates 20 billion guilders to his Ministry of Social Affairs, and 266 million to the Ministry of Netherlands Antillean Affairs, which he also heads. The 266 million is a trifle, even though we can add to that the 263 million the developmental cooperation budget allocates to the Antilles. "And that," an Antillean newspaper scoffed recently, "is about how much the Netherlands spends on its symphony orchestras."

In time, energy, thought, and KLM tickets De Koning has to invest very heavily, relatively speaking, in his "overseas territories." In recent weeks he flew from island to island, always keeping his apparently almost unshakable good humor, to note requests and cautiously--"with my fists in my pocket," as he told DE VOLSKRANT--to urge greater unanimity among the six. And that appears to have been asking for much too much.

No Diktat

His task is primarily to tighten up the stitches in the knitting of the 33 conclusions from the latest (1983) round table conference. Among the loose ends left by the conference are the structure of the union treaty within which Aruba and the other five islands are to cooperate, and a tidy division of property among Aruba and the others.

"Along with a great many other problems besides, such as establishing the boundary and the solidarity fund, those are my most important concerns," the minister told me on Aruba. Just then the process of forming a government was still in full swing. It was hoped that that would at least lead to some consensus among the islands. "Although," according to De Koning, "their agreement on a government can never be a diktat for the Netherlands. We are a party to it too, after all."

Question But you can forget the union; surely everybody rejects it.

[Answer] They were all involved in making the decision, we cannot forget that. Martina, Everts, Wathey, Cova, they were all there. However, I admit that they will soon have to live with the union. That does give them the right to flesh out the idea in a different way. I do have two questions if they do: are the new agreements on cooperation institutionalized, do they have a legal basis? And will legal security continue to be guaranteed on all the islands?

[Question] Do the islands have you between a rock and a hard place by postponing the union indefinitely while the date set for the separate status comes closer?

[Answer] Yes, you could well put it that way. They can hold up the execution of the agreements. However, we are talking about national laws: the Netherlands thus stands on the sideline relatively powerless. A working group is now busy trying to find a solution. We too are setting it conditions. For instance, we think it is extremely important to have a parliament for the six, both Aruba and the other five. Our position is and continues to be that it is in the interest of all six of the Antilles themselves that Aruba and the five cooperate as closely as possible.

More Catholic Than the Pope

[Question] Fine, you want to keep them together. They do not want that. Are you, as a good Protestant, more Catholic than the Pope?

[Answer] Yes, that is exactly right. We are more Catholic than the Pope. We say frankly that intensive cooperation is better for the Antilles.

[Question] Even now, when Aruba is going on ahead of the others?

[Answer] Even now. Especially now. In the long run we all hope for a certain unity in the whole Caribbean region. To compete optimally in the region it is very important that the six Antilles do stick together. Separate ties between the islands and the Netherlands do harm to the Antilles' integration into the Caribbean.

[Question] People here say simply that the Netherlands wants to get rid of us.

[Answer] No, though I do not rule out that some people in the Netherlands think that. The MP who said once that we ought to send the Antilles their independence by mail was very unwise. I do not think that way. However, at the moment the Dutch MP's are in agreement: we will not force the Antilles to be independent, but we do have to move in that direction.

[Question] People here talk about a time bomb. Do you not expect any difficulty?

[Answer] We must not exaggerate. Parliamentary democracy and the rule of law function reasonably well in the Antilles. In the Caribbean that is quite

a bit just by itself. Our pressure in that direction has not been without result, and we do not have to be ashamed about it. However, any democracy can fail, at any time. That is true of the Netherlands as well. All it takes is for a sergeant to come along...

[Question] Does the Suriname syndrome play a role?

[Answer] Not for us. Probably some times for the Antilles, I believe. But I do not foresee a coup here.

Not Going To Buy Unity

[Question] Aruba's separate status could still lead to complete disintegration. People talk about a time bomb here. And about Betico Croes as a budding dictator.

[Answer] I do not believe that. Besides, if Aruba goes on alone, it also means that it cannot harm the other islands.

[Question] Still, former Prime Minister Everts said that you bamboozled Curacao by letting Aruba have its own way.

[Answer] Eh, what am I supposed to say to that? He was there himself too after all, even in the Biesheuvel mixed commission.

[Question] Did Lubbers not press the round table conference too hard and force conclusions out of the gentlemen?

[Answer] Yes, we did push hard for decisions there. The alternative would have been to let all the conflicts drag on for years yet. I am still all for what we did.

[Question] But now they say "no."

[Answer] Look, of course the Netherlands can never force the six to be united. The Netherlands can perhaps buy unity, but that offers no political basis for the future. If they stay together now, it cannot be for the sake of money.

[Question] But there is the economic slump; they are playing that card now.

[Answer] The islands have always done well. Not because of us, but on their own, especially because of oil refining. The economy is weaker now, that is true, but I still see good possibilities, especially if they cultivate tourism. The Netherlands' share in all that is just a small one, five percent of the Antillean gross national product. It really is not money that is at issue.

Solidarity Fund

[Question] And the conflicts over the solidarity fund then?

[Answer] A traditional mistake has been to spend too much development money, of which there is not actually all that terribly much, on ordinary government expenses. That means that you in fact come to depend on the money, which is not good. Restructuring the Antilles politically will entail large new expenses. The Netherlands is going to take care of that too, with additional money, some 40 million a year for the next 5 years. However, I propose that the Antilles spend that money on productive government investment, and that they not use much of it for extra current expenses, because that would make them too dependent.

[Question] But they do not want that. They want you to put more into the solidarity fund.

[Answer] Yes, the large islands do not want to pay too much of it themselves, while the small islands are thinking more of saving money. Just remember the old proverb: Who pays the piper calls the tune. We want the Antilles to restructure their own finances in such a way that their current spending comes into a certain equilibrium. Otherwise the Netherlands will never get loose of what is ultimately the islands' own business.

[Question] The Antilles are not taking the bait. They shout that the Netherlands is acting like a colonial power.

[Answer] They are not taking the bait because they do not want to admit that the extra 40 million from us gives them some nice room for maneuver. And as for our colonial past, I admit that it plays a role on the emotional plane, but I do not accept it as an argument to determine the extent of our financial effort.

[Question] The five say: We cannot afford to have Aruba leave.

[Answer] I say: You can too, if you just adjust your spending to your income in the new situation. But in fact the islands would rather remain dependent on Dutch money than carry the load themselves.

The Fat Is in the Fire

[Question] In the meantime, all these complications are a constant threat to the schedule for Aruba's separate status.

[Answer] Eh, all I can say is that either the schedule is adhered to, with all sorts of temporary arrangements if need be, or there will be a mess.

[Question] What sort of a mess?

[Answer] Aruba will proclaim its separate status unilaterally. Then the fat will really be in the fire.

CONSERVATIVES TONING DOWN CRITICISM OF PALME FOREIGN POLICY

Stockholm DAGENS NYHETER in Swedish 21 Oct 84 p 5

[Commentary by Sven Svensson]

[Text] The Conservatives have toned down their criticism in the security policy debate. Those on the Defense Committee have agreed with Social Democrats not to write anything about the security policy report that would indicate a split. The report entitled "Our Security" that will be discussed at the Conservative meeting a week from now is much less belligerent than the party has been in the past.

The Conservatives have moderated their tone in the security policy debate after all the hullabaloo. The report to be presented to the national meeting, "Our Security," lacks the belligerent tones of a similar report issued just before the 1982 election. Continued squabbling would make it harder to set up a nonsocialist three-party government.

The connecting link between the two Conservative reports is that Carl Bildt helped write both of them.

The 1982 report, which was published in the wake of the submarine hunt in Harsfjarden, was entitled "Peace and Freedom in Europe" and was dominated by onesided military thinking. A strong Swedish defense was regarded as the only sensible solution. The main theme of the report was that it is not an arms buildup that causes wars but a military imbalance. Arms races have seldom led to wars, it said among other things.

One section of the report was headed: "Freedom in Eastern Europe--Prerequisite for Lasting Peace."

The Helsinki accord of 1975 placed an extra obligation on West European governments to protest the encroachments the Soviet Union is guilty of in East Europe which are gradually threatening the peaceful transformation, the report said.

The Conservative report was also very critical of the peace movements. The peace movements should clarify their relation to the situation in East Europe, the report said. If the peace movements cooperate with the regimes there they become instruments for suppressing the independent peace movements that might emerge in these countries, was a theme stressed in the report.

Another section was headed "Soviet Duplicity on the SS-20's."

The Soviet Union has deceived NATO with regard to medium range nuclear missiles, the report stated emphatically. Even if the imbalance is not great enough to constitute a threat to peace it cannot be concealed that the balance has shifted in the Soviet direction in the last decade.

The tone of the 1984 version, entitled "Our Security," is more moderate. It stresses once again the old familiar view that Swedish security policy should be formed by a combination of primarily foreign policy, defense policy, aid to developing countries and trade policy.

In the long run only dictatorships thrive on an arms buildup and confrontations. Sweden must work for freedom and democracy, the report says with a more balanced choice of words.

The same moderation in tone applies to the peace movements. It is natural and worthy of respect that people are so strongly involved in the cause of peace, this year's report says. The peace movement includes wise and balanced elements and passionate involvement as well as a slanted message, unrealistic demands and an appeal to people's emotions.

The 1982 report took a skeptical stand on a Nordic nuclear-free zone, to put it mildly. The situation is now described in more balanced terms. If in addition to the Nordic zone one also discusses possible forms of confidence-inspiring measures, it would probably increase the chances for progress, it says.

In principle there has been agreement during the entire postwar period on the general fundamental principles of security policy. In spite of this agreement, quarreling between the Social Democrats and the Conservatives has been the order of the day.

If one links the differences to Olof Palme personally they date back to the middle of the 1960's when he gave his first Vietnam speech to the congress of the Brotherhood Movement in Gavle and to the 1968 demonstration in Stockholm in association with the North Vietnamese ambassador to Moscow.

The differences between Olof Palme and Gosta Bohman appeared as early as their first shared election campaign as party leaders. The year was 1970 and the election was for representatives to the new single-chamber parliament.

Gosta Bohman had issued the pamphlet "Foreign Policy at Home," which was an indictment of Olof Palme, among others. Gunnar Hedlund attacked Bohman's

book, Gunnar Helen contributed the opinion that a Conservative could never become foreign minister in a nonsocialist government and Olof Palme made his famous statement in Lulea that from a security policy point of view, choosing between Bohman and Hermansson was like choosing between cholera and the plague.

When the Soviet submarine U-137 ran aground in Karlskrona archipelago, it created a new security policy situation in Sweden that was followed by the events in Harsfjarden during the 1982 election campaign.

At first the Conservative security policy attacks were directed against the Falldin-Ullsten government. The middle-party government was unjustly accused of not having built up submarine defense fast enough, Defense Minister Torsten Gustafsson was ridiculed and subjected to spurious interviews while Ola Ullsten was accused of lying about the mid-line negotiations in the Baltic Sea. Conservative leader Ulf Adelsohn claimed with no evidence at all to back it up that Russian soldiers were eating lunch on Swedish islands.

The government shift led to foreign policy criticism being linked to names like Bahr, Bildt and Ferm. The Conservatives got a longed-for chance to portray Olof Palme as placating the Soviet Union. For the Conservatives it was a welcome revenge against Olof Palme for his criticism of the United States during the Vietnam War, which so upset the minds of Conservatives.

The Conservatives have not been entirely unsuccessful with their criticism of Palme. The criticism probably had something to do with Olof Palme's stressing more definitely than he usually does the Swedish government's attitude toward the Soviet Union in addressing the Social Democratic Party congress. Palme was forced to make sharp reservations against the Soviet Union in order to gain adequate political freedom of movement in the Swedish debate.

In the speech Palme threatened to sink intruding submarines but also promised to take up the question of exchange visits with the Soviet Union again: "We will not kowtow to the Soviet Union" was the keynote of the speech.

The speech left the Conservatives tongue-tied and now a substantially toned-down security policy program has been presented. Order has been restored prior to the 1985 election campaign.

The main reason for this scene shifting has to do with party tactics. The security policy debate would have given Conservative leader Ulf Adelsohn a black mark against him with regard to a possible nonsocialist government formation after the 1985 election.

Continued quarreling between the Social Democrats and the Conservatives on security policy would jeopardize the formation of a nonsocialist three-party government and weaken the credibility of the alternative.

Center Party leader Thorbjorn Falldin in particular but also Liberal Party leader Bengt Westerberg have criticized the Conservatives' security policy posturing in various contexts. Falldin was well on the way to assuming the role of nonsocialist prime ministerial candidate.

That was a challenge to Ulf Adelsohn. It is an important goal for the Conservatives to have the possibility in the next nonsocialist government of administering Swedish security policy from the gilded seat in the palace of the crown prince.

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CSO: 3650/35

COALITION GOVERNMENT RUMORED TO REPLACE CORRUPT OZAL APPARATUS

Athens ANDI in Greek 12 Oct 84 pp 24-25

[Article by Amalia Van Hedt]

[Text] The gross monthly wages of the Turk Ilhan Sahin, a mid-level state employee with 15 years of service, is 50,000 Turkish pounds (12,500 drachmas). If taxes and various withholdings--which increased this year by approximately 25 percent--are deducted, his net earnings are cut to 30,000 Turkish pounds. His apartment, three rooms in Uskudar, Istanbul, costs, without heat, 35,000 pounds. His wife, a graduate of the University of Ankara, works to cover the monthly shortage. Since the beginning of the last school year, she has been teaching at a private college and adds to the monthly income her wages of 26,000 pounds. So 21,000 pounds (5,250 drachmas) are left over for the Sahin family's daily needs.

According to government statistics, the smallest "housewife's basket," to feed a family of four in the large Turkish cities, costs at least 57,760 pounds (CUMHURIYET, 31 August 1984), without including in this amount clothing, children's education, or personal hygiene items. Entertainment, such as a tavern or movie, has been included for some time under "luxury items."

The constantly increasing cost of living--it is estimated inflation will be over 50 percent this year--combined with the continuing shrinking of the wages' purchasing power--within four years they lost 40 percent of their value--put the Sahins to flight. Like thousands of other small urban families in the last two years, they moved to a gecekondu, one of those countless, arbitrarily built neighborhoods on the outskirts of Turkish metropolises where even the most rudimentary infrastructure is missing: As a rule, gecekondus do not have roads or a sewer system; some do not even have electricity or water. The family of public employee Sahin has become assimilated with the only inhabitants of these neighborhoods until recently, the poorest of the poor, those unemployed for years, near-eastern provincials, marginal people.

The middle class which, according to Ataturk's vision, should be the vehicle for creating a European way of life and thought, "is slipping constantly downward," wrote the daily GUNES, and is facing an impasse called "impoverishment." Within these conditions, many are resorting to solutions which later prove to have been desperate actions.

Thousands of middle-class housewives are becoming prostitutes. This problem shook the Turkish parliament last spring and was resolved in a relatively simple way: The members stopped using the word "prostitute," which is an insult in an Islamic and puritanical society, and replaced it with the expression "women of life." The press likes the designation "tele girls."

The suicide often chosen by Turkish policemen is considered a less offensive solution. News like "two policemen left the service because of suicide" (TERCUMAN, 25 August 84) goes nearly unnoticed. Such depreciating or bloody solutions are not particularly acknowledged by the senior or highest government officials. Many of these prefer resorting to painless corruption and bribery. "In the last analysis, the daily bread must come from somewhere," maintained the parliamentary member from the governing party, Nuri Sabuncu, in the discussion in the parliament about the turn to prostitution. Perhaps with this comment he implied his own situation, as well as that of his colleagues. A Turkish member of parliament is paid 175,000 pounds (43,750 drachmas) a month.

Scandals about smuggling or bribery fill the columns of the newspapers each day, but only the names stimulate the public's interest--such as the case of the former leader of Istanbul's security corps who was bribed, or the president of the fourth Court of Appeals bench who took bribes for his sentencing.

The press stuck with particular persistence to the Karikule scandal, probably because, according to existing estimations, it was the greatest gold-smuggling scandal in the country's history, but also because for two months now it has become a problem and crisis for the government. It is calculated that 110 tons of gold have been illegally exported from and imported to Turkey through the Karikule customs office in eastern Thrace. Moreover, the customs office authorities are accused of illegally exporting exchange, the value of which remains unknown, selling confiscated items and using confiscated money. Reported among other great personalities in Turkish society as an official in the circle are the alternate minister of finance and customs, Dogan Akin, and the general director of customs for eastern Thrace, Nikan Altinoz.

The corruption does not stop there. Ascending the scale of the government hierarchy, the press charges that the prime minister, Turgut Ozal, is promoting members of his family "carefully but steadily" (CUMHURIYET) to key positions in the Turkish economy, thus forming a new "family center of power." The prime minister's brother, Korkut Ozal, is about to become a co-partner in the Saudi Arabian company, Elbaraka, and his nephew, Murat Ozal, is the Turkish representative for a second Saudi Arabian trust, the Faisal group. "The Ozal family is a democratic, tres charmant, esthetic and genial family. May Allah treat them well and keep them in clover," wrote the leftist commentator, Ugur Mumcu, with bitterness and open cynicism. And he finished, "Now the Ozals are assuming a great responsibility. They are opening the country's gates to Arab investors. Bit by bit, in its turn, our country will be in a position to participate in the riches of the liberal economy.... Always through kinship between brother Arabs, Turks and Ozals."

After four years of military sovereignty, the state machinery of our neighboring country is emitting the stench of corruption. The economic model of "liberalism" which was erected with the guidance of the International Monetary Fund, the International Bank and OECD, and was praised by a chorus of banking circles

throughout the world, has simply bequeathed to Turkey some more of those elements characterizing only underdeveloped Third World countries.

The number of unemployed amounts to five million of the country's labor force. Two million workers and recipients of the minimum wage must survive on 24,500 Turkish pounds (6,125 drachmas); farmers must be satisfied with 20,100 pounds (5,025 drachmas). The standard of living has fallen so much that today the population's degradation is greater than it was in 1963. According to GUNAYDIN, shopkeepers in Istanbul have begun to sell half a roll since the price of a whole one is not within their customers' reach.

"We must frankly acknowledge that the present economic formulas are being suggested from abroad to this government of seige. This is the economic condition of Serbs." (CUMHURIYET) The International Monetary Fund is insisting upon its program. Its principal target, as it was four years ago when the rules of its program were first applied, is still paying off the country's foreign debt. In 1985, the approved extension for repaying loans will come to an end. In other words, beginning next year Turkey will have to appropriate 2.5 billion dollars a year just for interest or for settling previous debts. The IMF's latest recommendation for arranging for these funds was explicit: No further increase in salaries, over the pre-determined minimum, should be given.

But how long will the Turks tighten their belts? Last June, in the village of Cigdem, near Oinoi on the Black Sea, leftist guerillas attacked the police stations (HURRIYET). After spring, a series of bombs exploded in Istanbul; the latest, in the Sarayburnu area, left two dead. And in southeastern Anatolia, the latest revolt of the Kurds has not been quelled yet.

The Ozal government has been shaken irreparably. Already in Ankara rumors are circulating according to which it will soon be replaced by a coalition government between the pro-Demirel party "Correct Way" and the "Nationalist Democracy Party" of former General Turgut Sunalp, a favorite of the generals. Only now even these army men feel uneasy in their skins.

9247
CSO: 3521/47

CWP'S AVCI ON POLITICAL LANDSCAPE, YAZAR, MERGER

Istanbul TERCUMAN in Turkish 14 Oct 84 p 1

[Text] CWP Chairman Yildirim Avci gave a date for early elections stating that Turkey will be reaching the "point of early elections" sometime in the fall of 1985, or the spring of 1986 at the latest. Avci spoke about the "store window displays" that are being touted for his party. He said: "They are trying to impose on us certain personages who are thought to be capable of strengthening Correct Way on the basis of qualities with the possible exception of height, weight, shoe size, eye color, etc., etc. Our door is open to every citizen, but we hope that those who had excused themselves when we wanted them to become our founder members are not among the applicants this time."

Responding to questions concerning the 'Yazar affair', 'store window displays', and 'NDP's call for unity', Avci stated that instead of the promised prosperity the Motherland government brought poverty, instead of stability it brought a power vacuum, and inflicted pain instead of the sweet promises. Said Avci:

"This kind of situation is bound to end up in early elections. The constitutional rule that elections should be held every five years apply only during those periods when the democratic system happens to function regularly. Since we are in a period of transition to democracy, there is no need to wait five years in order to attain political tranquility."

No Contact

In responding to a question about reports that the Union of Chambers Chairman Mehmet Yazar might be joining CWP "by means of a certain formula", and that he might be elected chairman at the party convention, Avci said:

"The recent statements made by Hon. Yazar in the course of articulating the problems of the organisation he represents, are viewed as being politically motivated. There have been previous reports concerning Hon. Yazar's entry into politics which have failed to materialize. In Turkey every eligible citizen has the right to found a party, or join a party. However, there are certain procedures as to how one reaches certain positions in the party ad-

ministration. As of now we have had no contact or dialogue with Hon. Yazar concerning his membership of the CWP."

Those Who Excused Themselves

"In Turkey there have been efforts to impose a certain format to party administrations, and to condition the public in that direction," stated Avci. He added:

"It is something to be the minister of economy, and quite a different thing to be a party chairman. Erhard, who brought West Germany to the top economically after the Second World War, was subsequently made party leader and prime minister despite the objections of Adenauer who was a lawyer, but could maintain that position for only one year. If there are certain people who are liked in some circles, then they should not be worn out prematurely, but should be kept in the closet, and in one's heart for the time being."

So That Our Voice Is Heard

Responding to a question on merger with the NDP, and NDP's latest "call to the table" for talks, Avci said that his party, from its very first day, had progressed along its own path with the supportive affection of the people. He said:

"NDP is not a homogeneous party gathered around an idea. We evaluate events according to probable changes in Turkish political life. But in CWP's agenda no thought is given to abolishing the party to join another just so that our voice would be heard in the parliament. This course will never be resorted to. During our cross-country tour before the 6 November elections, when we openly stated "we could not participate in these elections", and asked the people whether "they could wait for us another five years", we heard robust voices full of faith which said: "We can wait not five but ten years." Therefore, to think that CWP would abolish itself to enter into another set up, is symptomatic of a mental state beyond illusion. Since early election will be figuring among Turkey's needs, the question of merger may become more topical at that time. And then the real merger will be brought about by the people at the ballotbox."

12466
CSO: 3554/12

MDP'S YASA ANALYZES POLITICAL LANDSCAPE, TRENDS

Istanbul CUMHURIYET in Turkish 21 Oct 84 p 7

[Text] MDP [National Order Party] Istanbul representative Prof Memduh Yasa has advanced the opinion that the policy embodied in today's government is transitory, and it is necessary to try to form two large parties, one on the left and another on the right. Pointing to the necessity of achieving the consolidation of the right along Western, secular lines, and with that goal in mind, Yasa advocated beginning first by removing "the ill-feelings between the MDP and the DYP [Straight Path Party]," and he said, "The ANAP [Motherland Party] either becomes one of the important factors of the great consolidation along liberal-Western-secular lines, or progressively slips toward the extreme right, and a liberal party is formed without it."

Memduh Yasa gave the following answers to CUMHURIYET's questions:

[Question] In your view, how should the political kaleidoscope be arranged to run a healthier democracy in Turkey?

[Answer] To run a healthier democracy in Turkey, as we have seen exemplified in other countries, it is desirable to have power alternating from time to time between two large parties. Turkey, except for the 1961 constitution, has always been seeking this. The 1961 constitution, wishing to prevent the Democratic Party from coming to power again, consciously departed from the idea of having two parties, preferring instead a parliament with more than two parties and a type of government dependent on coalitions.

The 1982 constitution, and the laws complementing it, especially the Law of Parties and the Law of Elections, tried to make Turkey's old yearnings prevail once again in a more concrete manner.

The aim is to have two large central parties, within the framework provided by our constitution, one open to the left and the other open to the right, neither trespassing the boundaries of either left or right.

Prior to the 1983 elections and the preceding period, the attitudes and actions of the National Security Council were in essence directed at that target. But that result was not achieved. Although the entrance of a small

number of parties to the Grand National Assembly was secured, at present it would appear that at least six parties are ready to enter the next elections. On the two fronts, it is necessary to try to establish two large parties, conforming to the realities of Turkey as well as to democratic traditions by fixing the intellectual framework accordingly and securing consolidation in this way.

[Question] How can consolidation be realized on the right, in your opinion?

[Answer] My starting point is this: Disregarding the differences among the parties on the right, the first thing is to create a consensus around the idea and postpone to a future time the matter of method, i.e., the matter of who will unite with whom. When I say postpone, I mean that one ought to try to investigate the judicial possibilities and determine the main current once the intellectual climate is established. I should like to point out immediately that the many people aside from those who already belong to established parties on the right ought to be invited to unite around this idea. For this reason, the matter is more far-reaching than the consolidation of existing parties. It is, however, first necessary to reconcile the ill-will and bring about a softening between the MDP and the DYP as they are already established and in view of the way in which they were established. There is no such situation, for instance, between the MDP and the ANAP.

[Question] Could the consolidation be through the ANAP?

[Answer] ANAP says that it is a conservative party but also that it is a structure that unites the left and the right. So much so that, ignoring or in ignorance of sociology and political history, it regards the terms right and left as artificial and meaningless terms.

Additionally, despite their claims, when we look at ANAP, we see that two extreme right parties existing before 1980 were the dominating factor in giving ANAP its color. Whereas when we think of a right-of-center massive party, we mean a party liberal not only in economic but also in political terms, secular, Western-oriented, and accepting of the integration of Turkey with the West as the final target, that is to say, not straying from Turkey's historical line of Westernization but on the contrary following it adamantly.

It is very difficult, however, to fit ANAP into such description. Various acts of the government, assorted behavior of the party organization and the past of some of its administrators lead us to think in this way. For this reason, even if we adopt ANAP as our own for its economic program, or more correctly for its economic philosophy, when it comes to political and social considerations, very serious differences appear.

[Question] What basic changes could occur in ANAP during its period of power?

[Answer] Let me say at once that if ANAP, during its period of power, changes color and structure, that is, if it makes political liberalism, which bears a much more important significance than economic liberalism, its major coloration

and if it can reach a contemporary level in social principles, it may become one of the most important factors in uniting the right in the way we desire.

In the opposite case, ANAP becomes a party slipping progressively toward the extreme right while the liberal right party is established without it. Present signs and behavior indicate that the ANAP will progressively slip toward the right and consequently, instead of being a constructive factor in consolidating the right, will become perhaps an obstructive element. I would especially like to emphasize that the synthesis that I have considered is socially just in its Western sense and regards the achievement of a balanced distribution of wealth, that is to say, a way to distribute wealth justly, as accepted by the majority of society. Within this understanding, the laborers have a right to a reasonable share of the production, whereas social justice, on the lips of ANAP leaders and in the party program, acquires a meaning based on compassion, feelings and even religion.

[Question] What happens if the consolidation is not achieved?

[Answer] There are 4 to 5 years before elections; within that period, if ANAP does not show progress in the right direction, if MDP and DYP continue in an unreconciled state, this consolidation may be affected by other circles, by other powers. That is, an intellectual development and the establishment of parties will be achieved without them. And then the parties dissolve and an historical opportunity is missed.

[Question] Are you thinking of leaving the MDP?

[Answer] No; while endeavoring to consolidate the right, I am not thinking of separating from the MDP. Within the party to which I belong, those who side with this view constitute a great majority.

The policy that characterizes the government today is transitory. It is a policy created by conditions. This policy cannot be repeated. ANAP is condemned to be a party. Either it becomes a party developing on the extreme edge, in which case it diminishes, or it becomes center-right, that is, liberal, Western-oriented, secular, converting into an important factor in this large consolidation. I am against every antidemocratic, forced solution.

12591

CSO: 3554/21

DANES PARTICIPATE IN BOLD GANNET EXERCISE

Copenhagen BERLINGSKE TIDENDE in Danish 10 Oct 84 p 2

[Article by Bo Draebel: "Twenty-Two Thousand Men in Battle"]

[Text] At dawn the "enemy," landed from an armanda of 13 ships, signaling the beginning of the Bold Gannet exercise in south Zealand. The goal behind the NATO exercise was for 22,000 British, Dutch, American, West German and Danish soldiers to practice working together, using 4,000 full track vehicles and 6,000 wheeled vehicles.

The "enemy", which this time was composed of 3,000 Royal Marines from the Forty-Fifth Command, the First Netherlands Marine Corps, and 300 men from the Danish Life Regiment in Vordingborg, is the most important factor in a NATO exercise. NATO is an alliance for defense, and if there is no enemy on the scene, we cannot call for reinforcement from the United Kingdom Mobile Force. These are troops whose sole task is to provide support to the unit command area, which includes Denmark plus parts of West Germany, as far down as the River Elbe.

Before an exercise of this magnitude can take place, there is much long and laborious preparatory work, involving negotiations upon negotiations between the participating nations and various NATO authorities. The first preparations for Bold Gannet had already been made by the end of 1982, involving at that point only some sketches on a few scraps of paper. Not until May of last year was everything agreed upon, and the project group, including Majors Joergen Jelstrup and Kurt Bache from the Eastern National Command in Ringsted, was able to go out into the field and begin the leg work.

"Receiving and transporting the troops is an important part of an exercise, since the way we handle it shows whether we are any good at defense," said Major Joergen Jelstrup, whose department already has five or six exercises in the works.

"I think we did a rather neat job of transporting men and material," Jelstrup continued. "In less than two days, we transported 13,000 British troops from Jutland to Zealand, without causing any particular trouble for civilian traffic--which fact we should note, because it means that we could do it faster in wartime.

"We have to be prepared to provide the troops with every kind of assistance, all the way from gasoline and potatoes to latrines on wheels, and in our efforts to not wear out the tolerance of civilians, we go down to the smallest details. This means that we talk things over with the individual farmers and foresters, finding out where we can take our units, where we can excavate. If you show up unannounced in some farmer's driveway one evening, it could get dangerous. But a farmer who has been informed beforehand always reacts positively, as a rule," Major Jelstrup added.

"This time, we had to use harnesses and belts, because of the swine flu," Jelstrup went on. "All of the units were informed, that they shouldn't go into any barns or come in contact with domestic animals. They couldn't bring any fresh food along, either. We do not dare take any chances, when so much is at stake." "When all the negotiations have been made," said Major Kurt Bache, "the whole thing ends up in a scenario book, which operates on a 24-hour framework with reference to what is happening in the battle. But the scenario isn't fixed so that it cannot be changed underway, if a unit does something that the evaluators think is worth rewarding."

It is not difficult to tell the difference between friends and foes in the battle for southern Zealand. In NATO exercises, friends are always marked with a blue cross, and enemies with a red cross (called "orange" by the leaders of the exercise).

9584
CSO: 8113/0146

MILITARY

DENMARK

DEFENSE MINISTER ENGELL DEFENDS SUB FLEET AGAINST CRITICS

Copenhagen BERLINGSKE TIDENDE in Danish 17 Oct 84 p 8

[Op Ed Article by Hans Engell, Minister of Defense: "Damgaard's Strategy: Defenses Must Not Frighten Enemy!"]

[Text] In the edition of BERLINGSKE of 8 October, Knud Damgaard, the Social Democrat's defense policy spokesman, commented on my feature article of 3 October where I stated the reasons why Danish defenses would become severely weakened if the submarine fleet is not retained. Because of my absence, this is my first opportunity for commenting on Damgaard's views.

Damgaard believes that the naval submarine fleet--with its 75-year anniversary just concluded--has passed the age of retirement. I am sorry that he did not have the opportunity to report this personally to the submarine people from Norway, Sweden, West Germany, Holland, England and Denmark who recently celebrated the anniversary. The participating "pensioners" represented an experience and a faith in their own potential which was particularly encouraging, and the current submarine construction programs in Norway, Sweden and West Germany, among other countries, are evidence of the understanding which these countries have of the future significance of the submarine fleet.

Damgaard complains in the article, among other things, that the defense department's research council has only researched alternatives to submarines up to 1982. I doubt that the research council has construed its efforts so squarely. The research council has, /subsequent/ to Damgaard having commenced in earnest with his hypotheses on the vulnerability of submarines, issued a statement in March of this year that "within the next 10-15 years no significant improvement in the opportunities for detecting submarines in the North Sea can be foreseen. Therefore, no changes will be made in the council's previous conclusion and recommendation for maintaining the present scope of the Danish submarine defense." This statement does /not/ mean that submarines will become outdated in 15 years. On the contrary, this means that as long as the research council deems it appropriate to predict developments there will be a justification for the submarine fleet. Damgaard, who obviously can see further than the research council, advises, variously, that submarines are outdated

today or will be in a few years, or that they cannot be effective 25 years from now. The research council views submarines with confidence for the next 10-15 years. I do the same, and my confidence extends even further, among other reasons, because research is directed not only /against/ submarines. To be sure, research is being done /to improve/ submarines, which Damgaard never mentions.

Damgaard finds it strange that I so blindly defend new construction of submarines without making an honest attempt to include submarines as weapon platforms in the overall picture of the defense capabilities which, in a given situation, we may need. This /was/ accounted for in the feature article, but I am pleased to be able to expand further upon my views.

I agree with Damgaard that the threat against the Zealand island group consists of airborne landings from planes and/or helicopters and landing operations carried out from amphibious craft. But Damgaard thereafter proposes a series of theories--which, based on his evaluation of what is easiest for a potential enemy to implement--and maintains that the likelihood is greatest for helicopter landings; airborne landings by plane would follow next, and finally--much later--there is the likelihood for a large-scale invasion by sea.

The argument which is used by Damgaard is unjustifiably based on the idea that the easiest is the most likely. But that is /not/ the heart of the matter, because the easy approach does not solve the problem. An attack on Denmark is worthwhile for a potential enemy only if it can lead to an eventual occupation, with the objective of controlling Danish territory. Control or occupation of Danish areas (islands) can only be accomplished effectively to the extent that the necessary forces--and especially their materiel, equipment and supplies--can be provided by ship. Therefore, the Danish defense must have control over weapons systems which can be used against such ships--also during the course of a possible conflict. In this manner, we would make the risk of sea transport so great that a potential enemy hopefully would avoid an attack because the costs would be too great or the preparation-time so long that the opportunity for a surprise would be lost. Danish submarines have, as one of their many functions, being prepared for use against enemy invasion forces. Airborne landing forces--which Damgaard believes the most dangerous--normally have only limited fighting- and staying-power--and therefore would be able to be reasonably effectively resisted by our land and air forces together with our civil defense. Naturally, an occupation of Denmark can be accomplished and maintained from the air, but that would require such a large portion of the Warsaw Pact's air capacity, that it is unrealistic. Sea transport would still be a necessary ingredient.

Damgaard now asserts that a submarine is slow, has limited surveillance range, too few weapons relative to its cost, and that it only can sink ships--but not in the initial and decisive battles! I find these arguments

to be very odd! No one will dispute that submarines are slower than planes or many surface ships, or that a plane has a greater temporary surveillance range than a submarine. However, a submarine can be in the right place at the right time with the right weapons and, among other things, sink the ships which are of critical importance for the success of an enemy invasion--also when enemy planes, missiles and helicopters hold our own planes and, e.g., Damgaard's truck-based missiles, in check.

Damgaard mentions that the future defense structure should be "defensive" in so far as possible--which is why he is an opponent of advanced defenses. He wants a series of locations in "the interior" strengthened instead. I am also aware of the fact that the Social Democrats believe that a "defensive" Danish defense should have a mix and armaments such that it is not interpreted as being a threat to our neighbors. I cannot see that a Danish defense should lead to a real threat as the result of its present or contemplated combination. But Damgaard believes that what he himself calls a slower and nearly unarmed submarine is more offensive and threatening than, for example, an F-16. I am a supporter of both the F-16 and submarines--it is not an "either/or." The Danish defense has use for both systems, among other reasons, for enabling us to present a defense which can accomplish more than burned earth tactics. The defense of Denmark should not be limited to land areas, or be installed only directly on, or immediately adjacent to, our coasts. The result of that would be that the civilian population would be part of the target right from the beginning. I do not attempt to assert that the civilian population could be kept out of the conflict which hopefully and probably will /not/ occur. But we do not necessarily need to structure our defense such that it immediately would lead to a destruction of the civilian population. Damgaard's ideas increase that possibility.

I would like to emphasize one paragraph in Damgaard's article which I find utterly unworthy and baseless. It states as follows:

"It also strikes me as strange that officers from the two other military branches--who understand modern problems very well--remain silent. There is no reason for that in a situation where the navy, almost desparately and without practical arguments, jumps into the battle for a new submarine."

Who is it really who is desperate?

The government and the governing parties must, from an overall evaluation of defense objectives, demand, among other things, the construction of new submarines. The fact that Damgaard, with questionable arguments now seeks to cast the navy in a bad light and urge the other two branches to participate, with the promise that they can split the spoils in the port, is depressing--and desperate!

It is also not a legitimate starting point for a dialogue.

12578
CSO: 3613/19

TACTICAL TRAINING FOR TORNADO PILOTS, WEAPONS OFFICERS

von TRUPPEN PRAXIS in German Sep 84 pp 689-692

[Article by Capt Harald Magersuppe and Capt Guenter Schwettmann: "Tactical Basic Training for Future Tornado Crews"]

[Text] The Tornado is well known to be a very efficient but also expensive airplane. The problem of designing an economical solid tactical basic training system for the Tornado led to the idea of conducting this training with a weapons system cheaper than the Tornado itself. For this purpose the Alpha Jet has provided the German defense forces (air force and navy) with an aircraft which is uncomplicated, which one can learn to fly easily and which is easily handled. The authors of this article have for several years been Alpha Jet flight instructors. In this paper they describe the necessary preconditions for tactical basic training in Pursuit-Bomber Squadron 49 and also describe the course of this training.

Introduction

The training of flight crews of the German Air Force and Navy with the Tornado weapons system is carried out with the TTTE in Cottesmore/England and with the JaboG 38 in Jever. The training presupposes that the participants in the course possess fundamental knowledge in the domain of tactics. Those aircraft crews do have tactical flying experience who have already chalked up some flying time on other aircraft models (F-4/F-104) in units of the German Air Force and the German Navy. But young crews returning directly from UNT/TNT, Mather Air Force Base, or UPT, Sheppard AFB, in the FRG do not possess such experience. The level of their flying experience reckoned in terms of their accumulated flight hours is necessarily quite low. Thus the pilots are looking back on about 280 hours, the WSO's [weapons systems officer] on about 110 hours of flying time including their flight fitness certification on the P 149 D. Besides, the WSO's have flown about 70 hours of their total flight time on the T 43 A, a so-called "lecture hall" airplane. Such a work station is hardly comparable with the cockpit of a combat aircraft. It is at this point that training on the JaboG 49 begins. The problem is to expand the flight experience of the students and to introduce tactical content into the course which has not yet been handled during the American flight training.

Why Tactical Basic Training on the Alpha Jet?

The training of the WSO's at Mather AFB* is based upon the intention of the U.S. Air Force to train a "universal navigator" who can be employed on various aircraft of the U.S. Air Force after a brief additional training. The basic and advanced training of the pilots at Sheppard AFB aims at employing the pilot as commander of a combat aircraft. The fliers are trained to operate autonomously and independently. In the two training courses which have been mentioned there are scarcely any tactical elements or tactical ideas. Likewise in this phase of the flight instruction there is hardly any training to operate as a crew. But the manner of engagement of the Tornado weapons system and the optimal use of the potentialities of this weapons system require effective cooperation among crew members who are well attuned to one another. A clear delimitation in the distribution of tasks between the two cockpits, an awareness of dependence upon the other member of the crew and the resulting need of a solidly founded confidence within the crew presuppose that the crew has become accustomed to this concept at an early point. Such a phase of acclimatization and the associated entrance into tactical basic flight training are in the beginning independent of the particular aircraft model.

The idea of making every phase of solid training as cheap as possible makes it necessary to carry out preparation of future trainees for learning to use the Tornado weapons system on a weapons system which is cheaper than the Tornado itself. For this purpose there is available to our defense forces the Alpha Jet which is an uncomplicated easily learned and controlled airplane. Right from the moment of its original design the Alpha Jet has been simultaneously a jet trainer for advanced training and a light pursuit bomber for handling conventional weapons of all types. Modern avionics (HUD, LDN), tandem-seat arrangement and the use of the most modern manufacturing techniques as well as application of the most recent aerodynamic knowledge (wings) put the Alpha Jet into the class of modern high-performance aircraft of the third generation and thus make possible a realistic and at the same time cheap tactical basic training for tasks within the province of that third generation.

In addition, there is the circumstance that in the case of the JaboG 49 there is personnel available which has already gained experience in the training of weapons systems officers. By means of a comparison of the training segments from which trainees have already graduated in the United States and by means of an analysis of the entrance requirements for Tornado weapons system instruction there has been produced a catalogue of procedures for supplementing the existing level of training. On the basis of this catalogue a syllabus has been created for training on the Alpha Jet.

JaboG 49 training

Phase I

JaboG 49 training is divided into two parts: training phases I and II. Both training segments begin with theoretical instruction. In phase I the trainee

* See in this connection: Lt Col Jens Sauer et al., "The New Combat Observer Training in the United States" in TRUPPEN PRAXIS, January 1984.

acquires knowledge of the Alpha Jet airplane, his knowledge of meteorology is expanded and deepened and he receives training in navigation (high-level, low-level) while taking into account the structure of the airspace over the FRG and over Europe generally. Concomitantly the trainees are put through Alpha Jet simulator training which serves the purpose of familiarization with the cockpit layout as well as training for flight under instrument flight conditions. The flying instruction in phase I provides daytime visual flights (takeoff and landing training, orientation in the area of the home landing field and orientation in exhibition flight maneuvers). In addition to night flight instruction and the demonstration of a certain level of competence in flights with flight instructors phase I finishes with the first solo flights with the trainee operating as an independent student. Now both pilots and WSO's practice together as a crew in a single aircraft unsupervised by flight instructors. They carry out daytime visual flights, night flights under visual conditions and under instrument flight conditions and finally carry out a flight to another airfield in the FRG and there make a landing.

Phase II

The theoretical training in phase II aims primarily at tactical knowledge. Instruction is given in air combat maneuvers, in operations against ground-based targets and in tactical flight formations--all of this being as independent as possible of the particular aircraft model. The use of radar equipment in the aircraft is dealt with and exercise provided in its use in the course of practical training with an F-4 F simulator. In the F-4 F simulator the trainees "fly" in low-level radar flights over Great Britain. This provides a first contact with the airspace situation to be encountered later in Cottesmore. A WSO of the RAF who is associated with the JaboG 49 as an exchange officer performs especially valuable services in this part of the training. Flight training on the Alpha Jet in phase II begins with low-flight training (500 feet AGL, 360 kts GS and 420 kts GS). This training then becomes increasingly demanding in the course of simulated target approaches from low level, gunnery assaults using practice ammunition over firing ranges in the south German area until final attainment of the so-called "full mission"--a low flight with prescribed TOT (time over target) including a successful gunnery attack over the firing range. Instruction flights in tactical formation and air combat maneuvers augment the flying program. The low-flight training with and without the use of weapons provides first of all for the achievement of a certain level of proficiency in flights with flight instructors. When this has been accomplished the trainees carry out exercises as an independent crew in each segment of the training, partly under the supervision of the flight instructor in an accompanying aircraft (chase, supervised mission) and partly unsupervised (nonsupervised mission). The crowning conclusion of the entire training process is an examination conducted in one of the above-described "full missions." In this flight the trainee crew is examined by a flight instructor in an accompanying aircraft and their performance as a crew is evaluated.

Some Difficulties Encountered

The training which has been described entails some problems. First to be mentioned here is the prevailing weather in Germany. Especially in the spring and fall one is confronted by rapidly changing weather conditions. Flight visibilities diminish rapidly and often force termination of flight for the trainees who on the basis of their level of experience (e.g., 8 km horizontal visibility in low flight or 3.7 km visibility) require 700 feet AGL main cloud base in instrument approaches. The narrowness of the German airspace and the high traffic density render difficult a gradual familiarization of the trainees with the new flying environment.

The avionic equipment of the Alpha Jet and its distribution within the two cockpits is, as compared with the workplaces in the WS Tornado, only partially satisfactory and could still be improved. Thus essential operating elements of the avionics are principally located in the front cockpit, because of the use of the Alpha Jet as a single-seat pursuit bomber in combat units. Hence it is not possible to distribute uniformly the total job load of the aircraft crew in crew training, with respect to the front and rear cockpits.

The radar training is done on the F-4 F simulator which is still available as a carryover from German basic training for WSO's in the seventies when the trainees were being prepared for flight in the F-4 groups. Nevertheless, relative to the Tornado this training may be considered only partially realistic since the radar equipment of the new weapons system is essentially more modern and more efficient. But the existing simulator is nevertheless still very useful for the time being and may be considered to be of positive value as an introduction of the trainees to work with radar devices in the actual environment of a jet cockpit.

The mutual adaptation of the activities of the two crew members in flight preparation and flight performance is of the greatest importance for the success of the flight.

Just how this division of labor should be arranged for a special flight depends substantially upon the nature of the assignment, the equipment of the two cockpits, the level of experience of the two crew members and upon other factors. In addition, the air force and the navy still have only limited experience with the new Tornado weapons system so that up to now it has been possible to adhere to generally binding regulations only to a slight extent.

Therefore for the training flight operations with JaboG 49 intrasquadron guidelines have been issued which can be carried over to other weapons systems and squadrons only to a limited extent.

Experience up to Now

Up to the present it has been apparent in the training which has been described that as a rule the pilots are better prepared for the tasks set for them in the training phase I than are their WSO comrades. This is especially noticeable in the instrument flight phase. The pilots appear to be more

accustomed to the peculiarities of a jet cockpit and this works substantially to their advantage in task performance. Also a positive effect is provided by the thorough IFR training in Sheppard which is aimed at later flights in Europe. Here the WSO's with their flight experience on the T 37/T 43 A exhibit beginners' difficulties. In phase II, the phase of actual tactical basic training, an equalization of performance by WSO's and pilots is observable. Up to now there has existed a high level of motivation in all trainees in all training phases and this is surely a guarantee of success in the training. The contact between the JaboG 49 and the TTTE in Cottesmore is being continuously maintained under the supervision of the air-fleet command as the responsible agency. This ongoing conversation between the two facilities with respect to training problems and weaknesses and also with respect to resulting modifications and adaptations within the training program (syllabus) for the JaboG 49 will be continued in the future with the goal of guaranteeing the effectiveness of the described training segments for future Tornado crews.

Explanation of Abbreviations

JaboG 49	Pursuit-Bomber Squadron 49
WS	Weapons system
AGL	Above ground level
TTTE	Trinational Tornado Training Establishment
UNT	Undergraduate Navigator Training (basic training)
TNT	Tactical Navigator Training (advanced training)
UPT	Undergraduate Pilot Training (basic and advanced training)
AFB	Air force base
WSO	Weapons system operator (weapons system officer)
HUD	Head-up display (front windshield monitor)
LDN	Aeronautical doppler navigation device
IFR	Instrument flight rules (flight according to instrument flight rules, e.g., in bad weather)
GS	Ground speed (velocity over the ground)
kts	Knots (knots, nautical miles per hour)
T 37/T 43 A	Training aircraft of the U.S. Air Force (T 43 A = military version of the Boeing 737)
RAF	Royal Air Force
P 149 D	Piaggio 149 D, a single-engine propeller aircraft; used in the JaboG 49 for the air force and the navy for flight selection training

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MACK INTERVIEWED ON NUCLEAR PLANNING, FORCE GOALS, DOCTRINE

Hamburg DER SPIEGEL in German 8 Oct 84 pp 153-164

[Interview with Hans-Joachim Mack, NATO deputy commander in chief, by DER SPIEGEL reporters Siegesmund von Ilsemann and Romain Leick at NATO headquarters near Mons, Belgium]

[Text] Hans-Joachim Mack has been one of the two deputies of NATO commander in chief Bernard Rogers since 1 April 1984, and he is reputed to be the candidate of choice of the U. S. general for this post. The second Rogers deputy--in addition to the German four-star general, who has seniority--is the Briton of equal rank, Sir Edward Burgess. Armored-infantry officer Mack, who began his career in 1952 with the Federal Border Guard, earned the appreciation of Rogers above all in the years 1981 to 1983, when he was deputy chief of staff for planning and operations at NATO headquarters. Mack, who is 56 years old, is the fourth holder--following the Bundeswehr officers Schmueckle, Luther, and Kiessling--of this high NATO post, which has been assigned to the Germans since 1977. Rogers, who did not get on well with Luther and Kiessling, has turned over for the first time to his new adviser Mack certain tasks in connection with operational and nuclear NATO planning as well, and with that has distinctly upgraded the post of German deputy.

SPIEGEL: General Mack, a short time ago the NATO commander in chief in Europe, U. S. General Bernard Rogers, reorganized the assignments within the military leadership of the Alliance. Because of this the impression has arisen that now for the first time a German general has his finger on the nuclear button.

Mack: Of course, the notion of a "finger on the nuclear button" is completely erroneous. General Rogers has divided up in a more balanced way the areas of activity of the two deputy commanders in chief. Now I as well can have an influence in the operational sector.

SPIEGEL: Do you view it as a qualitative leap that the German deputy of the Saceur [Supreme Allied Commander Europe] is occupied for the first time with nuclear questions as well, or is this quite a normal thing?

Mack: I do in fact find this to be a qualitative leap. The position of the German deputy commander in chief has been improved.

SPIEGEL: Is it a part of your responsibilities to ascertain the requirements for nuclear weapons in West Europe and to propose targets for them?

Mack: All areas which have to do with nuclear weapons are relevant to these responsibilities--thus also investigations as to types and numbers of weapon systems and explosive devices, and also questions of nuclear target planning.

SPIEGEL: But to make this quite clear: You cannot actually make decisions?

Mack: No, it is exclusively the business of the commander in chief to reach decisions. My job is to advise rather than to give orders.

SPIEGEL: Obviously the influence of the German deputy depends substantially on his personal relationship to Bernard Rogers. Rogers did not much follow the advice of your predecessors General Kiessling and Admiral Luther. Do you get along with him better?

Mack: I would not like to comment on the relationship of General Rogers to my two predecessors. As a deputy chief of staff, I worked very closely with the commander in chief until as recently as 1 1/2 years ago. I am sure that this has had its effects up to the present. I know and esteem General Rogers, and I get on well with him.

SPIEGEL: Have you ever been at variance with Rogers?

Mack: Yes, but in these cases fundamental differences of opinion have not been involved. On this or that question of operational planning I may have a different view, for which I then also argue.

SPIEGEL: Can you give an example?

Mack: Such cases include, for example, certain statements having to do with requirements as to conventional rearmament. In this area I would formulate things differently from the way General Rogers does on some points.

SPIEGEL: You have entered upon your post a few weeks before the deputy who is your British counterpart. Will you thus assume command if Rogers should ever happen to be incapacitated?

Mack: Yes, in such a case I would attend to the responsibilities of commander until the appointment of a successor. If I am incapacitated, the British deputy takes over.

SPIEGEL: Henry Kissinger has proposed that the Americans should take over from the Europeans the office of secretary general of NATO, and then in return a European general would become Saceur. Would such a thing be an attractive prospect for you?

Mack: This is certainly an attractive idea at first glance--a European commander in chief. But when I view the total picture I come to a different opinion from that of Kissinger. An American Saceur is at the same time commander in chief of the American armed forces in Europe. With that he has opportunities for strengthening the NATO forces in Europe--opportunities very different from those of a European (German) commander in chief.

SPIEGEL: A German Saceur would be inconceivable politically anyway. Not only in the East, but also among our allies resentment would very quickly emerge again if Germans had such a great deal to say.

Mack: There certainly is some truth in that. But I think that we Germans definitely could show somewhat more self-assurance--in the Alliance as well. After almost 30 years of NATO partnership, there should be no reason for resentment any longer.

SPIEGEL: Something else can be said against the appointment of a European Saceur: An American NATO commander in chief has a direct admittance to the American president and direct access to nuclear weapons. For a European commander in chief in Washington, it is not likely that this situation could be achieved.

Mack: I do not see the matter in this way. Here various aspects must be noted. Undoubtedly an American NATO commander in chief has direct access to the U. S. president and in that area will always have a greater influence than a European. In NATO, any decision on the use of nuclear weapons is made within a consultative procedure--and here every nation has a voice. In such a case certainly the word of a European commander in chief would have a special weight as well.

SPIEGEL: Should not more German officers work on NATO staffs, in order to be able to more effectively represent the FRG in the Alliance?

Mack: That is correct within certain limits. Naturally we Germans of all people, who after all are bearing the main burden of defense in Central Europe, are greatly concerned about being able to formulate our viewpoint and our desires more effectively in this Alliance. But we are already quite well represented in the Alliance. We hold quite high-ranking positions.

SPIEGEL: But from Bundeswehr circles it has been possible also to hear something quite different.

Mack: Certainly. But what is still frequently lacking is an adequate preparation by the holders of the respective posts for their tasks on the international staffs. Up to now we have not always succeeded in training the right man so that he could be accordingly appointed. Here there is still some catching up to do.

SPIEGEL: Reform seems to be needed here, because there is yet another cause for friction between America and West Europe: The Americans, and not least General Rogers, are complaining more and more loudly that the Europeans are doing too little for their own defense. The former are threatening a partial withdrawal of their troops. Now Rogers is even supposed to have insisted on a heightening of the European defense budgets by 7 percent. What is your position on this?

Mack: In the balance of forces compared to the enemy, the conventional forces are the weakest leg of the NATO triad (conventional armed forces, nuclear weapons having a short and intermediate range, the strategic nuclear capability of the United States). Here there are clear gaps in equipment and staying power, and here we must do more than we have done hitherto--that is true of all NATO armed forces, including the Bundeswehr. Although some nations proclaim they are making improvements, subsequently they do not always keep these promises. General Rogers has availed himself of this opportunity simply to very clearly draw attention to that fact.

SPIEGEL: With the completely illusionary 7-percent demand.

Mack: I would like to just rectify something concerning this ostensible demand. General Rogers only said that the fulfillment of the "force goals"--that is, of the aims set by the Alliance--leaves much to be desired. If this trend continues, with only 70 percent or less of the "force goals" being fulfilled, then in order to make up for the growing shortfall, budget increases would be necessary for particular nations of more than 3 percent, and in certain cases even perhaps of up to 7 percent, to make it possible to fulfill the obligations entered into.

SPIEGEL: And what NATO partner can pay that? At present even the jointly decided-on 3 percent increase in defense budgets is scarcely being achieved.

Mack: I would really like to get away from the discussion about percents. Here at headquarters what matters to us above all is what is accomplished with the defense expenditures.

SPIEGEL: And what would that be?

Mack: For one thing, I can use an increase in the defense budget to raise pay levels. But I can also buy or modernize weapons and equipment instead. We are concerned that there are still deficiencies in our armed forces, for example in their staying power. By that I mean in terms of the amounts of ammunition on hand, stockpiled equipment, and the training of reservists. Here there are clear shortcomings. And what General Rogers is criticizing is a situation where we are given nothing but declarations of intentions from certain nations.

SPIEGEL: It is not due to the bad faith of the governments alone that a gap yawns between military requirements and allocated budget funds. Large sections of the population no longer want to see larger and larger sums being spent for defense while at the same time the social services budget is cut back.

Mack: That is certainly apt in part. But I am convinced that the preservation of our freedom and of the peace should be worth more to us than many other things.

SPIEGEL: What is your attitude in such a conflict of interests? Vis-a-vis Rogers do you support the opinion of the Federal Government, or conversely do you make representations in Bonn and say that the commander in chief was quite right to raise this demand? As a deputy of the Saceur, you are surely a man with two "hats," a national one and that of integration.

Mack: Actually I wear one of integration rather than a national "hat." But I do both things, I expound to General Rogers the view of the FRG as well as of other NATO partners, and on the other hand I argue for the legitimate demands of NATO over against the nations--that is, not only over against our country, but also over against all the other alliance members. As deputy to the commander in chief, I am obligated to do that.

SPIEGEL: The demand which is raised by Rogers and which you seem to share is based above all on the fact that Shape (Supreme Headquarters Allied Powers Europe) fears that in case of war it will have to resort to nuclear weapons already after just a few days. How long then can NATO hold out against a conventional attack by the Warsaw Pact?

Mack: Naturally I cannot give precise information here about the duration and extent of our resistance. But there is one thing I would like to bring out clearly--it is certain that just we here in Central Europe, and moreover this applies also to other sectors, can stand up to a possible attack and can check the enemy. There is no doubt about this at all. The question is only how long and whether this time is enough to make a decision, in a consultative process within the Alliance, on the next measures in a possible escalation.

SPIEGEL: Would you measure this span of time in days--as does Rogers--or in weeks?

Mack: Here certainly we must still think in terms of days. Therefore our goal must be not only to be able to fight a conventional war for a limited number of days, but also through an effective conventional deterrence to make it clear to every enemy that for him any type of military attack has much too great a risk associated with it.

SPIEGEL: How long then would NATO have to be able to put up a conventional defense in order for this to have a credible effect?

Mack: If at possible, long enough so that a conventional attack can be contained even with conventional means and a too-rapid escalation into the

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nuclear domain is avoided. It would be ideal if in connection with an attack the other party were compelled to consider whether it had to escalate and thus increase its risk in order to achieve its objective.

SPIEGEL: Does that not mean that NATO is aiming for victory on the battlefield, so that the enemy has to give thought to whether it will resort to nuclear weapons?

Mack: We do not want to have victory on the battlefield, but want to prevent the other side from even contemplating an attack because such an action would be too risky. If we fail in this then our sole objective is to restore the integrity of our territory and to do this with the least possible losses and damage.

SPIEGEL: Now the Soviets are no different from us in this respect. The new NATO secretary general, Lord Carrington, has been warning for months already against representing NATO as weakly and the Soviet military machine as superior in strength. Do not military people always make the potential enemy out to be bigger than he really is?

Mack: The enemy has not become bigger, but he has enormously improved his military capabilities. In areas where up to now it has been possible for the technological lead of the West to compensate still for greater numbers, the distance is becoming smaller and smaller. At the same time, on the Eastern side the training of their leaders and their military command capability are becoming increasingly better. This catching up in quality--while preserving their quantitative advantage--is causing us great concern. We are not constructing any bugbear here.

SPIEGEL: But what is happening in Afghanistan surely does not exactly suggest that the Soviet army is able to cope with any enemy.

Mack: On the one hand it is quite certain that Afghanistan is a lesson for the Soviets. But on the other hand it is also a great exercise and training area, in which everything which does not work right can be discovered and corrected.

SPIEGEL: Just as Vietnam was for the Americans.

Mack: Yes, perhaps in a similar fashion, even though the objective is entirely different. It should not be overlooked that in many spheres the Soviets are becoming better and better. To the argument that Soviet materiel has proved a failure in other theaters of war such as in the Near East, one must rejoin that possibly what has failed has been the operating of this equipment and not so much the weapons themselves.

SPIEGEL: Do you mean that with Soviet soldiers Moscow could employ its military materiel more successfully?

Mack: Certainly one cannot rule that out entirely.

SPIEGEL: Realistically considered, the Soviets cannot throw into the battle in Central Europe from a standstill even the attack superiority of 3:1 considered to be requisite by experts. The loyalty of their allies seems questionable. Is there not much too much dealing here with numbers which do not hold up under serious analysis?

Mack: In our planning we cannot proceed from assumptions, above all not from assumptions about the political loyalty of allies, but we must primarily be guided by the existing military capabilities of the other side. And it is these capabilities which cause us concern. Whether or not there exists the political intention to make use of these is an entirely different question.

SPIEGEL: So how many divisions of the Warsaw Pact could attack from a standstill?

Mack: When we say "from standstill," then this means of course that even the Warsaw Pact needs a certain, even if short, preparation time...

SPIEGEL: How long?

Mack: Currently, about 48 hours.

SPIEGEL: But this holds true only for the Soviets already stationed in the GDR?

Mack: Yes, and perhaps for some divisions which have been brought up in connection with maneuvers and have not been withdrawn again. In such a case, I could imagine that more than 40 divisions of the Warsaw Pact could take part in the Central Europe Sector.

SPIEGEL: And how many do you have?

Mack: On the NATO side there would then be about 22 divisions, which would have to defend all along the line, whereas the other side could establish a strong superiority in the earmarked breakthrough sectors.

SPIEGEL: How great is the inferiority of NATO likely to be in that case?

Mack: An inferiority of about 1:3 could be tolerated--even more in terrain sectors which especially favorable to the defense. But the advantage the attacker has of being able to concentrate forces at certain spots is decisive.

SPIEGEL: But already doubts assail us once again here about whether in that case NATO's conventional defense capability is really in such urgent need of improvement. But even if such a thing is recommended, it seems doubtful to us whether the goal thereby aimed at of lifting the nuclear threshold is at all so desirable for Central Europeans. If we rely more and more on conventional arms, will not the danger of a conventional war in Europe become greater, because an enemy can hope that perhaps the use of nuclear weapons will not come about at all?

Mack: I do not see this danger, because our conventional and nuclear forces are in a closely interlinked strategic system. But so long as our conventional armed forces are so weak that we might be compelled to have to escalate to the nuclear stage very early on, this affects the credibility of the connection created by NATO of conventional armed forces, regional nuclear weapons, and the nuclear strategic capability of the United States.

SPIEGEL: But one can also argue conversely: If one drives up conventional arms beyond a certain level, that could signal to the enemy that NATO is no longer willing to be the first to use nuclear weapons.

Mack: This possibility would exist theoretically only if we had a conventional armament which was completely a match for any hostile conventional attack.

SPIEGEL: But is it not with this very objective that NATO really wants to build up its conventional arms?

Mack: No, in terms of the conventional armed forces we will not pull even with the East and set off tank against tank, man against man. We merely want to be strong enough conventionally so that we are not forced at some point in time into a nuclear escalation which we do not want. The objective is a stable deterrence on all levels, so that for the enemy the risk remains incalculable.

SPIEGEL: Your chief Rogers has now ordered a study which is supposed to ensure that "in the future, not one nuclear explosive device more than is absolutely necessary in case of war" is stored in Europe. With that, are you merely reviewing the NATO decision of 1983 concerning the withdrawing of 1,400 nuclear warheads from West Europe, or do you want to get by with even less?

Mack: At this point I would not like run the risk of telling you things which are secret.

SPIEGEL: That would not bother us.

Mack: I believe that. With the current investigation what is important is to examine how the decision of Montebello--namely, to make drastic cuts in our nuclear weapons--bears on our operational planning.

SPIEGEL: In 1983 General Rogers was one of the sharpest opponents of the European and above all the German desire to drastically reduce the number of nuclear weapons stockpiled with us. Is not the study ordered by him, which surely falls within your field of activity, an attempt to turn back the clock a bit, which in Rogers' opinion was perhaps moved forward too far by the politicians?

Mack: No, by no means. It is important to establish where the limit of the risk lies, and not to avoid the instructions of the politicians. In doing this we will also examine whether possibly even more nuclear weapons

can be dismantled and also to what extent certain categories of nuclear weapons still make sense.

SPIEGEL: Can you name some whose purpose seems doubtful to you? Nuclear mines, perhaps?

Mack: I would not like to go into detail too much, but nuclear explosive charges are certainly among those devices the purposes of which must be clearly investigated.

SPIEGEL: In West Europe there are thousands of nuclear battlefield weapons whose deterrent value is comparatively small and whose purpose seems to lie at best in warfare. Is this a basis for assessing which of these might be superfluous?

Mack: Here distinctions must be made. Even nuclear battlefield weapons possess a deterrent value and have an operational task: Namely, simply by their presence alone to prevent the enemy from being able to place his troops on the battlefield in readiness for the attack and above all from being able to concentrate them.

SPIEGEL: In an emergency, how would the request for nuclear weapons proceed?

Mack: The release procedures are defined and known. A release takes place only after consultation and with the agreement of all NATO member states...

SPIEGEL: ...unless there is not enough time and the American president is compelled on the basis of the developing situation to make a decision without a detailed consultation on it.

Mack: I think that in any situation the American president will be consulting with those nations which are concerned in this.

SPIEGEL: One of your predecessors in office, General Schmueckle, has talked almost with euphoria even about the chance your post offers, precisely at this stage of the crisis development, to influence decisions in the European and even in the German interests. How do you view your opportunities here?

Mack: Every military operation presupposes an assessment of the situation. No military commander will make decisions without the consent of the nations in the NATO bodies. This is true especially in a crisis. The decision to introduce military measures in Europe would not be made by General Rogers alone, but would be the result of a careful assessment in our staff. And here I can bring my influence to bear.

SPIEGEL: Can you really imagine a situation in which you assent to the recommendation to use nuclear battlefield weapons which would strike the FRG area?

Mack: If the use of nuclear weapons had to be contemplated in any way at all, my consent for a first use of nuclear battlefield weapons could not be counted on.

SPIEGEL: In other words, in this case you would prefer to resort to Pershings or cruise missiles?

Mack: I would resort to ways for making it conclusively clear what the political significance of a nuclear use at this stage would be.

SPIEGEL: Is that a plea for the zero solution in connection with nuclear battlefield weapons?

Mack: I have already said that battlefield weapons by all means still fulfill a task. It is for a first use alone that I do not consider them to be suitable.

SPIEGEL: Hitherto, the nuclear weapons stockpiled in West Europe were supposed to also deter the Soviets from the use of their chemical weapons. Here General Rogers seems to be following a different course. Once again he has called for modern American chemical weapons, in order thereby to be able in the future to discourage the Warsaw Pact from using its chemical weapons. Are you in complete agreement with this?

Mack: The NATO strategy of "flexible response" also provides for a limited volume of chemical weapons. And the alliance nations have agreed to this. So long as the other side has at its disposal large reserves of chemical weapons, they cannot be completely dispensed with on our side. It would be militarily irresponsible if we were to concede a free hand to the USSR in this area. That is the message of General Rogers.

SPIEGEL: Now the Americans also possess chemical weapons, and even store them in the FRG. Has there been a qualitative change, such as to require new American weapons to be pitted against the old weapons of the Soviets?

Mack: For one thing--these are obsolete weapons.

SPIEGEL: On both sides?

Mack: On our side. That is also generally known. Secondly: Their number is very small. Thirdly: We have no agreed-upon operational principles for them. Thus it is unclear whether we would be able at all to use these weapons--something which, incidentally, nobody wants to do. And finally: Any chemical weapons which may be produced again are not to be stationed in Europe. They are merely to be kept ready in the United States in very limited amounts, in such a way as to make their deterrent character clear. General Rogers has not called for more, and I can share in this aim.

SPIEGEL: Nevertheless Rogers must be anticipating that the quarrel about rearment will be followed by a controversy about new chemical weapons, even if they are not stationed here. Even the Bonn governing parties have already demanded a Bundestag debate on this.

Mack: I am aware of that. In that case, in this discussion we must stand up in public and say that so long as the Soviet Union is not ready to destroy its own supplies, we cannot dispense with a capability, permitted under international law, for retaliation--no matter how gladly we would be willing to do that.

SPIEGEL: All of this strengthens in the public's mind the suspicion that what is increasingly important to the United States and NATO is the ability to wage wars, and no longer the ability above all to prevent wars. Another example: Under the catchword "Air Land Battle," the United States has prescribed for its army units a mobile type of warfare which extends deep into hostile territory. Does that square with the defense mission of the Bundeswehr and with NATO doctrine?

Mack: Here the different levels must not be confused. In the case of the current NATO strategy of "flexible response," what we have is a dovetailed strategic concept, whereas "air land battle" is an operational-tactical plan for the behavior of a nation's corps and divisions on the battlefield, and that is something quite different. After all, we also have the regulation on "command tactics," which contains operational principles for the operational-tactical commanding of corps and divisions.

SPIEGEL: And what about the new yearning to take the offensive?

Mack: Within the framework of a flexible defense plan it is the case that counterattacks, for example to expel an enemy which has invaded, are an indispensable element in obtaining or regaining freedom of action. But this has nothing to do with a strategic offensive extending beyond boundaries. Such a thing is also not provided expressio verbis in the "air land battle" plan. Certainly it is legitimate to impede the enemy from bringing up reserves and reinforcement forces. This "battlefield interdiction" is an important preoccupation of the "air land battle."

SPIEGEL: But that means at least that in defending one does not necessarily need to halt right at the boundary post, or does it?

Mack: I would halt at the boundary post. However, if at the boundary post someone turns around and is about to plunge his bayonet into my belly, naturally I will try to knock the bayonet out of his hand even if we are barely on the other side of the boundary post.

SPIEGEL: Nevertheless, the disquieting feeling remains that the principle "to win the battle" has recently assumed a much greater influence on military thinking in America. Is not this wish to end a war victoriously in direct conflict with the European need to end a military conflict as soon as possible through a compromise which perhaps does not recognize any victor at all?

Mack: For us, the avowed goal remains that of ending a conflict at the lowest possible stage and in the quickest possible way, with the aim of restoring the integrity of our territory. If then one side says that this

is victory--that is all right. For me, whether I designate it as such is a question of emotion.

SPIEGEL: Why one of emotion?

Mack: The soldier who has achieved his objective will be in a different frame of mind from the other, who has not achieved the objective of his attack against NATO. Now we should really not get excited at all about the fact that of all things victory means "to win the battle." Even our command regulation contains passages which could be misinterpreted in this way.

SPIEGEL: The talk about victory in battle reinforces the suspicion of the East that NATO is planning a "rollback" of the results from Yalta, a suspicion which is supported further by other careless statements from the United States.

Mack: The formulation "to win the battle" is certainly not very felicitous and in this form really does not even belong in a command regulation. Our most important objective remains that of preventing a war. But when an attempt is made to link this formulation with a "rollback," this turns out to be an absurd assertion, simply in view of the balance of forces between the East and West.

SPIEGEL: Rogers is calling for the following echelons of the Warsaw Pact to be harassed and if possible destroyed even before their arrival on the battlefield. What new weapons are required for this sort of mobile warfare?

Mack: We are trying to get a handle on the following-echelons problem by way of a three-phase plan: First of all it is important to utilize better and deploy more effectively what is available in terms of armed forces, in order to be able to hinder through interdiction the bringing up of following echelons. This includes the rapid disposability of reconnaissance and target-location resources as well as flying weapons systems with an appropriate penetrability. In the second phase, modern technological developments must be exploited. These include, for example, homing munitions, proximity weapons, and conventional rocket-propelled munitions. Later, in phase 3, there will be weapons systems which can quickly locate and attack even concealed and mobile targets.

SPIEGEL: What would such a program cost?

Mack: We cannot yet show exact calculations. In the domain of the air force there are certain projections which entail the expectation of spending very high sums. But these projections have not yet been completed.

SPIEGEL: Thus we are facing a completely uncontrolled technology race?

Mack: There is a danger that technology will determine our operational considerations rather than conversely our operational considerations giving

a stimulus to technology. Here we will see to it that we are not steam-rollered technologically, but rather that we make technology serve our own ends.

SPIEGEL: All the more so since it would be very difficult to pay for these wonder weapons.

Mack: If we wish to raise the deterrent value of our conventional armed forces, then of course we will not be able to avoid the requirement for more funds.

SPIEGEL: Yet it seems as if the politicians will be resisting your wishes within the foreseeable future. Can you imagine a situation in which you as deputy NATO commander in chief in Europe say: "I can no longer go along with that"?

Mack: I could imagine this certainly. I hope things never come to that.

SPIEGEL: General Mack, we thank you for this interview.

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SWISS PRESS COMMENTS ON SLOWDOWN IN MILITARY EXPENDITURES

Zurich NEUE ZUERCHER ZEITUNG in German 28 Sep 84 p 3

[Article: "Slowing of French Military Expenditures"]

[Text] Paris, 26 Sep--With planned expenditures of F150.2 billion, the French defense budget for 1985 is about F1.3 billion below the level promised in the medium-term planning. To be sure, Defense Minister Hernu indicated nominal growth of 5.7 percent. Optimistic forecasts, however, foresee an inflation rate of exactly this same magnitude, so that in effect one finds a slowing of French military expenditures.

As early as his order of the day to the armed forces for the last national holiday, President Mitterrand had called on this sector, as all other national sectors, to make an effort to save. And now Defense Minister Hernu has confirmed these guidelines before the members of defense committee of the national assembly. At the same time, nevertheless, he thereby emphasized that with an increase in expenditures of about 5.7 percent the "purchasing power of the armed forces is preserved and the large procurement programs are maintained." Since, however, the optimistic estimate shows that inflation is also to be 5.7 or 5.8 percent next year, the armed forces, contrary to previous promises, are again facing a contraction of their resources. In accordance with the framework foreseen for the medium-term between 1984 and 1988 and described as "untouchable" last year, they should have been allocated F151.5 billion. The sum now contemplated, however, amounts to only F150.2 billion. The decline of 1.3 billion is of the magnitude of the current procurement price of a nuclear-powered hunter submarine. It probable makes a temporal postponement of some programs unavoidable.

The Savings in the Nuclear Sector

According to the parliamentary opposition, the operating costs of the armed forces have now been subjected to such a rigorous effort to save that further contraction in this budget item would hardly be possible. Accordingly, increased restraint must be exercised in the procurement of material, which explains the fact that now only 71.7 billion instead of the 73 billion originally foreseen are to be expended in this area. According to Defense Minister Hernu, this still means an increase of 7.66 percent relative to the previous year. This increase may turn out to be slightly above the inflation rate for

next year, but it is of necessity smaller than what was originally planned. The result is that the expenditures for the nuclear sector of French defense, with 23.386 billion, are stagnant at a level below the planned 23.81 billion, whereas the cost-planning framework for new nuclear programs even declines by 4.28 percent to 27.737 billion. The official response to these annoying figures is simply the counterargument of truly substantial increases in military credits for research and development.

The reduction of 35,000 soldiers and civilian employees foreseen in the five-year plan is to continue--mainly in the form of a smaller levy of recruits and nonreplacement at duty stations--through which there will be 8,466 fewer military personnel and 650 fewer civilian employees. The cost reduction, which spares only the Gendarmerie nationale favored by Hernu, son of a gendarme, through the allocation of an additional 300 auxiliary gendarmes, amounts to F336.4 million. Nevertheless, defense expenditures are now 1.3 billion behind the planning goal. The French intervention in Chad, which was financed in various ways and not just with money from the Defense Ministry, cost about F3 million every day. To be sure, full information in this regard was never made public but available data indicate a sum of about 1.5 billion so far. Officially, of course, the "deficit" of a similar magnitude in next year's defense budget has nothing whatsoever to do with this. All the same, the French endeavor to withdraw from Chad, a withdrawal that has now--after the effective start of the operation--received the official code name "Silure," is meanwhile also documented this way.

Technical Malfunctioning of Rocket Tests?

The fact that larger procurement programs for the armed forces as well are at most only to be extended somewhat and not fundamentally jeopardized by the financial "rigueur" corresponds to a trend in defense expenditures that is observed again and again in France and not just for the first time under the leftwing government, a trend that reflects the extreme strain on resources in the maintenance of conventional and nuclear potentials simultaneously. That that sometimes strains credibility is made clear by a report on technical malfunctioning in the test launching of nuclear submarine rockets published recently in CANARD ENCHAINE and not denied by Defense Minister Hernu. According to the report, the last three tests at the test center in the Landes with the M-20 missiles--which have been taken up by the five operationally ready nuclear submarines--all failed. Hernu spoke of "technical deficiencies without operational significance, which can be attributed to obsolescence of the material." Beginning next year, the new M-4 missile with multiple warhead is to be gradually installed in the submarines, which represent France's second-strike capacity. How it will be if the missiles now designated for this purpose immediately "plop" into the water when test launched was suggested by the satirical magazine, even though by way of consolation it also reminded the readers of U.S. problems with the functionally unfit computer elements of the intercontinental missiles on the other side of the ocean.

9746
CSO: 3620/100

MILITARY

GREECE

BRIEFS

FRG MILITARY ASSISTANCE--Bonn (Associated Press)--Greece will receive military aid worth 70 million marks (2.8 billion drachmas) from West Germany in the frameworks of NATO defense programs during the next 18 months. The related agreement was signed yesterday in Bonn by the Greek ambassador in West Germany, Konstandinos Tsamados, and the West German undersecretary of foreign affairs, Andreas Meiler-Ladrut. According to the official announcement of the West German Ministry of Foreign Affairs, this is the ninth agreement of this type between Bonn and Athens and the figure of 70 million marks is equal to the defense aid which West Germany has been granting Greece since 1980. It is stressed in the same announcement that since 1964 the FRG has been reinforcing Greece unceasingly with German-produced military materiel and surpluses from the West German Army. It is added, moreover, that in this way Bonn "is contributing significantly to the stability of the Alliance's southern wing in an area so important from a political and military standpoint." The agreement is in force retroactively from July 1984 and ends on 31 December 1985. [Text] [Athens I KATHIMERINI in Greek 23 Oct 84 p 1] 9247

MINESWEEPERS IN MEDITERRANEAN MANEUVERS--Greek Navy minesweepers will leave on 8 October for Toulon to participate in the minesweeping exercises of the French Navy. The exercise will take place in the area of France's Mediterranean coast and will last until 22 October. It is directed by the commander of the French naval forces in the Mediterranean and, besides the two Greek minesweepers, units of other countries will also participate.
/Text/ /Athens EXORMISI TIS KYRIAKIS in Greek 5-11 Oct 84 p 3] 7520

CSO: 3521/38

MILITARY

SWEDEN

USSR'S RESPONSE TO AIRSPACE VIOLATION CHARGE VIEWED

Stockholm DAGENS NYHETER in Swedish 21 Oct 84 p 2

[Editorial: "Strange Soviet Behavior"]

[Text] The Soviet Union is putting increased emphasis on a casual and insolent treatment of Sweden. At least that is the main impression left by Moscow's apparently remarkable handling in the past week of the airplane incident over Gotland.

As far as we could determine the Swedish government and the Foreign Ministry were not aware of the existence of the investigation material shown to DAGENS NYHETER correspondent Harald Hamrin which is described in today's issue of the paper.

Just think what this seems to imply! On Wednesday Communications Minister Bostrom met with a very highly-placed Soviet leader, on Wednesday the chief of the Foreign Ministry's political section, Jan Eliasson, talked to people at the Soviet Foreign Ministry. Excellent occasions for Moscow to openly account for its own investigation into the events over Gotland to a government colleague of Olof Palme and to one of Palme's closest colleagues--especially considering how systematically people in the Soviet Union express their approval of the prime minister. Instead the Soviet Union waited until Thursday and showed the material then to a member of the press, of which the Soviets are usually quite critical.

How can this be regarded as correct behavior toward Sweden, which believes itself to be the victim of a Soviet violation in the Gotland incident?

Actually the Soviet material, as Harald Hamrin has managed to reconstruct it, offers different possibilities: either the Soviet or the Swedish instruments were inaccurate or else one or the other falsified the data. Everyone can draw his own conclusions on the basis of his assessment of the general reliability of the two sides.

In any case the Soviet Union chose not to present its findings to representatives of the Swedish government who are familiar with all the Swedish material. Instead the Soviets chose to show their information to a DAGENS NYHETER

reporter who was unable to evaluate it in detail since so much information in Sweden is routinely classified as secret. The most immediate interpretation is that the Soviet Union wanted to use DAGENS NYHETER as a channel in order to avoid having its material tested by the other side.

DAGENS NYHETER decided to report what was presented anyway, since it seems to give the clearest Soviet version so far of the Gotland incident. But it should be plain that the Soviet Union has not helped itself in the least by behaving in this almost provocative way.

6578
CSO: 3650/35

PAPER COMMENTS ON ARMED FORCES CHIEF'S REPORT ON VIOLATIONS

Stockholm DAGENS NYHETER in Swedish 27 Oct 84 p 2

[Editorial: "Sweden Violated"]

[Text] The situation continues to be abnormal. It should be possible for a small unallied country that does not threaten anyone and has a long tradition of neutrality to count on having its territory respected. That is not the case for Sweden today.

The commander in chief's latest summary is cautious and notes that the number of reports of foreign underwater activity in the period from March to September of this year declined compared to the number of reports last year. Fewer of them are highly credible. OB [Supreme Commander of the Armed Forces] did find it "quite probable" that violations of our coasts have occurred after this spring's sub hunt near Karlskrona. Diplomatic and military efforts in the immediate future must be based on this assessment.

It is admirable that OB took the trouble to give a comprehensive picture of what is happening in our air space and in our waters. This summer's airplane incident over Gotland shows that we cannot concentrate all our attention on the most sensational events in the last few years, the submarine violations. The material gives an idea of the more common intrusions that keep our peace-time air readiness forces occupied now that the Warsaw Pact lands have taken over from NATO as the group most frequently expelled from our territory. Instances of "passage without prior notice" on the part of western surface craft are not something we can accept either, of course. We demand respect from everyone--and we must demand it.

The military program of measures to be taken is entirely directed toward submarine violations, as we can see in General Ljung's report. The military leadership has now told the government and the Foreign Policy Board how defenses have been reinforced around our most important permanent naval bases, Musko and Karlskrona with the use of new minings, hydrophones and fixed underwater surveillance systems, among other things. At the absolute minimum it should be impossible for foreign powers to intrude on these bases, at least.

The future sub-hunting efforts outlined by the supreme commander are "not imminent," but will certainly require careful consideration. The transfer of

funds from other branches of the service to the navy could create new gaps which must not be allowed to arise. The Gotland incident illustrates, if it is necessary, the need for a smoothly-operating incident readiness force in the air too; cutting back further on the air force would be a mistake.

Therefore more resources for sub hunting would appear to call for additional funds in a somewhat expanded defense budget. A united Swedish decision on our preparedness to make economic sacrifices would make our determination to live up to the commitments we have made extremely clear and obvious to the rest of the world.

This is needed. The lack of smoothness in the Defense Committee's discussion of the issue of a partial report on security policy--or a separate report, as now seems likely--reinforces the impression of some confusion on Sweden's part. Of course the situation for Swedish decision makers is not an easy one. The experts the Defense Committee assembled in Gallofsta last week presented a straightforward picture that indicates we find ourselves under pressure from the Soviet Union. But it is not very clear to these researchers and diplomats what Moscow's goal might be.

A new contribution will soon be made to the Swedish-Soviet discussion in the form of a book to be published by the new ambassador to Warsaw, Orjan Berner, on "The Soviet Union and the Nordic Region." At a recent FOA [Defense Research Institute] seminar he presented the thesis that Moscow reacts strongly to Swedish criticism and wants to soothe the differences in the wake of the submarine violations. Earlier, former cabinet secretary Sverker Astrom wanted to suppress speculations about what the Soviet Union wanted. Both gentlemen had central positions in Olof Palme's first period of government in the early 1970's and base their impressions of the Soviet Union's diplomatic and public relations behavior on experiences from that time. But both are forced to note that the "inexplicable" submarine violations are continuing.

Following the events connected with the Harsfjarden incident in 1982, no OB report has been able to indicate the nationality of the intruders. The same thing is true this time. One assumes that the government has given the defense leadership a clear directive to carefully analyze all information and indications, stressing the need to identify the violators. It would be a very serious matter if this were not the case. Crystal-clear proof in the form of a captured submarine might take a long time to obtain.

This latest OB report does not give the government any reason to take up the whole question of our relations with the Soviet Union in diplomatic moves. But as we could see in Harald Hamrin's interview in yesterday's paper with Soviet researchers and journalists, these experts on Sweden also had a deep and widespread distrust of our neutrality policy. Some of these people had been handpicked by Soviet authorities.

People in the Swedish government--most recently, Pierre Schori--often warn against interpretations in connection with individual events. The fact remains that the violations are continuing, in spite of the fact that according to defense reports we are steadily getting better at hunting for submarines. Whatever is going on, it is obviously regarded as important by the other side.

ECONOMIC

AUSTRIA

BRIEFS

EAST BUYS SURPLUS GRAIN--Almost the entire surplus of this year's grain crop has already been exported. The USSR bought 270,000 tons, Poland 210,000 tons, and the GDR 200,000 tons. This is 680,000 tons out of a total surplus of about 900,000 tons. Negotiations on exporting another 150,000 tons are pending. For the already effected exports, subsidies totaling 990 million schillings were required. [Excerpt] [Vienna DIE PRESSE in German 25 Oct 84 p 24 AU]

CSO: 3620/112

BRIEFS

BALANCE ON TRADE DEFICIT--According to a report by the Department of Statistics and Research, imports for domestic consumption during the first 8 months of this year reached 183.3 million pounds compared to 364.2 million in the corresponding 1983 period, while exports reached 165 million pounds during the same 8 months compared to 124.8 million pounds during the same period of 1983. Re-exports increased to 62.3 million pounds compared to 41.5 million during the January-August period of 1983. Imports during this same period were from EEC countries (301.4 million pounds or 54.6 percent), Arab countries (58.1 million or 10.5 percent), Eastern countries (41.8 million or 7.6 percent), countries of the European Free Trade Zone (24 million or 4.3 percent), and from other countries (127.3 million pounds or 23 percent). Major Cypriot exports during the same 8-month period were to Arab countries (106.9 million or 47.1 percent) and EEC countries (70.7 million or 31.1 percent). The trade balance during the same period was adverse and reached 325.3 million compared to 247.4 million pounds during the first 8 months of 1983. /Text/ /Nicosia 0 FILELEVTEROS in Greek 25 Oct 84 p 12 7520

STATISTICS ON WAGES, SALARIES--The annual report of the Statistics and Research Department on wages, salaries and work hours states that in October 1983 the average monthly salary (without overtime) for men was 344 pounds and for women 205 pounds compared to 310 and 183 pounds, respectively, in October 1982. Of the persons covered by the survey, 16.5 percent received 150 pounds per month compared to 21 percent in 1982. The report also gives the following information: the general wage and salary index for 1983 increased by 9.7 percent compared to 18 percent in 1982; the smaller increase in 1983 compared to 1982 is due mainly to the smaller increase in the cost of living allowance; the 9.7 percent increase is due by about 6.7 percent to the readjustment of this allowance and by 3 percent to the increase of basic wages. The general compensation index, including overtime, increased by 9.4 in October 1983 compared to 17.5 percent in 1982. In other words, taking into consideration the Retail Sales Price Index, actual wages and salaries increased by 4.5 percent compared to 10.9 in 1982. /Text/ /Nicosia KHARAVGI in Greek 26 Oct 84 p 17 7520

CSO: 3521/61

EAST GREENLAND FISHERMEN PERCEIVE OIL HUNT THREAT

Copenhagen BERLINGSKE AFTEN in Danish 26 Oct-1 Nov 84 p 3

[Article by Steffen Jensen]

[Text] The Greenland trapper community in Scoresbysund may soon find out that it is just as far from their district to Nuuk as it used to seem from Godthab to Copenhagen. The existence of the little community is threatened by a Greenland oil venture that in many ways resembles the Canadian APP [Arctic Pilot Project] idea that Greenland and Denmark objected to so violently 2 years ago. Both Canadian and Greenland newspapers have already called the search for oil in Jameson Land Greenland's own APP.

Within the next 10 years East Greenland's biggest trapper community in Scoresbysund could have its existence threatened in exactly the same way as it was 2 years ago when the Eskimos of West Greenland and Canada joined forces to protest the Canadian Arctic Pilot Project (APP).

The trapping communities, which are entirely dependent on being able to cross the ice with their dog sleds to reach their various trapping sites, regarded their environment and very existence as being threatened by Canada's plans to have gigantic icebreaking supertankers move through the Northwest Passage past all the large towns in West Greenland and across the Eskimo trapping areas.

Biologists warned that the noise of the big tankers would disturb the under-water navigation of whales and that an accident or wreck in the Arctic region would have environmental consequences that are impossible to envision.

After heavy pressure from the Eskimo organization, Inuit Circumpolar Conference, the Greenland government and Denmark, the Canadians finally shelved the project.

But now that the green light will probably soon be given for a large oil search project in East Greenland, the trappers feel their very existence is being threatened once again. But this time the threat does not come from the distant oil-hungry industrialized lands of Europe or North America but from the Eskimos' own elected politicians. Greenland is about to get its own APP project.

Change of Attitude

If things go according to the newest revised timetable, the big American oil company Atlantic Richfield (Arco) and the Danish Nordic Mine Company will move in with the first exploration teams as early as this winter. They will start by establishing a supply base at the bottom of Hurry Fjord, where among other things a landing strip will be set up. During the summer the oil search will really get under way. Over the next 12 years half a hundred "oil blood-hounds" will crisscross Jameson Land in their caterpillar vehicles with explosive charges and seismographic equipment--in a search for the coveted oil. In the same period 11 test holes will be drilled in the area. The introductory explorations are expected to cost around 1 billion kroner. If there is any trace of sizable oil deposits, two zeros can quickly be added on to the billion kroner.

About a year ago, the head of the Greenland government, Jonathan Motzfeldt, told BERLINGSKE AFTEN that he considered the project exciting but that in his opinion it was vital that it be carried out in full cooperation with the local population and local authorities in Scoresbysund. They must be part of the decision-making process, the government leader stressed.

"And we would like to find arrangements that would protect the environment. The people of Scoresbysund have no other livelihood besides trapping seals. This livelihood must not be destroyed. The area is very sensitive with respect to environmental pollution," Jonathan Motzfeldt said then. But that was a year ago. Now he is singing a different tune. According to GRONLANDSPOSTEN Motzfeldt now says: "If there is oil (in Jameson Land) it has to be brought up." That is plain speaking. And "of course the oil will have to be shipped out from Jameson Land," the government head added on a Greenland Radio news program.

The Canadians, who put the APP project in mothballs partly because of the wave of protests by the Eskimos, find the Greenlanders' change of attitude "interesting" and "naturally they are following this very closely," a source in the Greenland Affairs Ministry told the weekend edition of BERLINGSKE AFTEN.

The Canadian newspaper GLOBE AND MAIL recently printed a big article that pointed out the similarities between the Jameson Land project and APP and asked why the Canadians should shelve their project when the Greenlanders are now ordering "full speed ahead" on their own oil project.

The Greenland newspaper SERMITSIAQ called the project in Jameson Land "Greenland's own APP" several years ago.

Local Opposition

This is the first time the search for "hydrocarbons"--as the concession agreement puts it--has reached the mainland of Greenland. Previous oil searches in the area have involved so-called "offshore" drilling.

In Jameson Land on the east coast of Greenland the geological structures are so promising that the American oil giant, Arco, and the Nordic Mine Company, 35 percent of which is owned by Arco, are willing to bet billions of kroner there.

But of course it is not just philanthropy on the part of the oil companies. If they find oil in the underground structures--which experts say are very similar to the structures from which the Norwegians are pumping oil in the North Sea--the billions the companies have already decided to invest in exploration will be repaid many times over.

After a good 4 years of negotiations, with the two firms on one side of the table and Danish-Greenland authorities--represented by the so-called Joint Council--on the other, the Joint Council has finally issued a concession agreement draft with a recommendation for approval, a draft submitted to the Danish and Greenland parliaments.

But the agreement is not as extensive as it might seem if one reads the Joint Council's preliminary draft. Not a single word in the annual report--which is usually very detailed in its account of the extended and complicated negotiations for concessions--indicates that two of the council's six Greenland members expressed reservations and found it necessary to issue a minority statement opposing the planned location of the supply base.

The oil companies want to set up a supply base as a backup for the Jameson Land exploration for oil at Constable Point at the bottom of Hurry Fjord. The Scoresbysund municipal council is opposed to that because it is feared that ships passing through the mouth of Scoresbysund and Hurry Fjord will upset and possibly destroy the trapping base of the small trapping community. It is also feared that granting permission for a supply base in Hurry Fjord would automatically lead to future oil shipments being made from the same spot. If that happens it will be the end of animal life in the fjord.

Therefore the municipal council in Scoresbysund definitely rejected a supply base in Hurry Fjord on 20 August. But the question is whether the national assembly will take the protests of the trappers into account. On the 72 item agenda for the fall session of the national assembly, which began last Friday, Point 9 reads: "Approval of concession to Arco/Nordic Mine Company for the exploration for and production of hydrocarbons in an area of Jameson Land in East Greenland." In spite of local opposition, both Folketing and the Greenland Landsting decided last Tuesday to permit the Danish-American company to start looking for oil.

However the Atassut Party [moderate, pro-Denmark party] has recently changed course on the question and is now demanding that the municipal council in Scoresbysund be included in the negotiations, that the environment be guaranteed protection in the concession and that the concession companies promise to compensate trappers who suffer losses as a result of the exploratory activity and any future oil production activities.

This sounds good, but Greenland government sources say that Atassut's sudden change of heart is due solely to the fact that in the last election the party won the single seat controlled by the 500 voters in Scoresbysund. A seat the party would like to hold onto.

The oil companies themselves do not think the supply base and the ships would cause much damage.

"We are not talking about real oil shipments. No decision has been made about that yet. So far this involves only two or three supply ships a year and that is around the same number that already come into Scoresbysund from KGH [Royal Greenland Trading Company]," said Roberto Kayser, director of Nordic Mine Company.

But Scoresbysund mayor Jonas Danielsen, who is a trapper himself, does not feel safe. He is afraid that both whales and seals will be scared away.

"We know that even small freighters frighten the animals from which we make our living. So I am afraid to think what might happen if big icebreaking supertankers pass through our fjord. It would totally destroy our trapping community," he said.

Insidious Decision

Both the authorities and the two companies involved are very unwilling to talk about where the oil--if any is found--would be shipped out from. Well aware that the location of tank facilities, harbors and quays and the passage of enormous icebreaking oil tankers are "hot potatoes" and that the parallel with APP is almost too obvious, the two sides are trying to avoid this discussion and confine themselves to statements about the supply base.

"In my opinion such an attitude is naive. It is necessary to take the ecological consequences of finding oil into consideration even now," said ornithologist Hans Meltofte of the Zoological Museum, who has worked for 9 years in Arctic Greenland.

"The only way to get the oil out is to ship it on icebreaking supertankers and it is extremely important to consider at this time where such traffic would do the least damage. There are two alternatives: using the northern inlets of King Oscar's Fjord, where ocean mammals and birds do not appear in great numbers, or passing through the mouth of Scoresbysund where there is a unique wealth of ocean mammals and ocean birds and where 500 people make their living from hunting and trapping," said Hans Meltofte.

"The American Arco Company made it clear this summer that there would be no alternative to Hurry Fjord when it comes to shipping out oil. That would be no less than a catastrophe for the unique scenery and fauna of Scoresbysund," said Jesper Boje Christensen of the Greenpeace environmental organization. He has worked to protect the Arctic landscape for several years, among other things working in the APP group that has just published a book on the APP hearing at Christiansborg 2 years ago.

"Scoresbysund is unquestionably the most important trapping site in all of Greenland," said Jesper Boje Christensen. "The landscape is quite unique. And because of the special natural conditions that keep the mouth of the fjord from freezing in the wintertime, there are lots of whales, seals, fish, ocean birds, polar bears and, further inland, herds of muskoxen.

"It is really quite depressing when one has fought alongside the Greenlanders for many years against APP to see that they are now about to do something similar themselves. How can one go on joining in the debate on the environment and conservation on the international level when one treats one's own unique natural area in this way?"

What is tempting the government of Greenland, of course, is the prospect of big oil revenues that could finally make the country economically independent from the former colonial power, Denmark. Especially since Greenland has decided to withdraw from EC next year and will thus lose some of its income from the European treasury.

But the Greenland politicians who were well aware that at times it could be a long way from Nuuk to Copenhagen and who therefore felt rightly that the distance to Brussels was even greater could now alienate their own trappers by demonstrating that the distance from Scoresbysund to Nuuk is just as great.

6578
CSO: 3613/24

KRUPP, KLOECKNER PRESS MERGER WITH AUSTRALIA'S CRA

Bundestag Members Apprehensive

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 25 Oct 84 p 13

[Excerpt] The intended merger of the steel mills of the Krupp concern and the Kloeckner Group has led to political discussions in Bonn before any details on this alliance had become known. Both steel enterprises explained details of their merger on Wednesday afternoon at the Hilton Hotel in Duesseldorf; this merger must at any rate still get its blessing from the Federal Cartel Bureau; in the morning, Bundestag deputies not only from the SPD [Social Democratic Party of Germany] and the Greens but also the Union parties during the question period expressed their worry to the effect that this merger could lead to a considerable loss of jobs and that certain steel mills would have to be closed down. During the answer session, Federal Economy Minister Martin Bangemann said that the federal government will devote much attention to the question as to whether or not steel mills should be closed down.

Again and again questions were asked in Bonn about the future of the Georgsmarienhuette Kloeckner facility in Lower Saxony, Maxhuette in Bavaria, and the Wuppermann firm in North Rhine-Westphalia. Through its questions--triggered by an urgent inquiry from SPD deputy Alfred Emmerlich--the opposition charged that federal chancellor Kohl was not keeping the promise he made prior to the Lower House elections to the effect that the German steel facilities are to be retained. Parliamentary state secretary in the Federal Economy Ministry Rudolf Sprung however commented in reply that the federal chancellor had not given any guarantees as to any specific sites. During the TV debate by the party chairmen prior to the elections, Kohl only said: It is the goal of the federal government to try to preserve the steel facilities even if not every specific job. The federal government made great efforts to obtain these goals, Sprung said. But one cannot secure every job.

In response to the question as to which jobs and sites would be involved, Sprung replied that the federal government is not familiar with the consequences of this merger. Last week, the federal government was merely briefed on the intention to carry out this merger. The opposition criticised the fact that the federal government did not have enough knowledge

and did not influence the planning effort. Bonn did come out with planning requirements in the Arbed-Saarstahl case.

Sprung gave assurance to the effect that the federal government would talk to the rest of the steel industry about the merger after it has been briefed by the enterprises involved. The case involving this fusion, by the way, is subjected to examination in terms of competition law. Deputies expressed the fear that the position of other steel enterprises, especially Arbed-Saarstahl and the government-owned Salzgitter, could be made even more difficult. According to Sprung, the federal government expects that the Brussels Commission will approve the merger if the capacity reduction required according to the subsidy code materializes.

Critical Views Surveyed

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 26 Oct 84 p 13

[Text] The bankers, the politicians, and, last but not least, the "steel moderators" figured on all possible combinations of German steel concerns--except one: that the steel enterprises of Krupp and Kloeckner would be merged. This is precisely what is to happen now if the Cartel Bureau agrees and if one of the directors does not say "no" at the last moment, something that nobody expects. Fried. Krupp GmbH [limited liability company] board chairman Dr. Wilhelm Schieder might object that he certainly never said that he considers this combination to be impossible; and Dr. Herbert Gienow, board chairman of Kloeckner Works AG [Inc.] might nod in agreement; indeed, when the subject came up for discussion, all those initiated in this branch denied that such a solution made any economic sense.

Why, then, this merger? What are the partners really after in founding this enterprise? Here we must distinguish the following: In addition to Krupp Stahl AG (35 percent share) and Kloeckner Works AG (30 percent), the Australian raw material concern CRA Limited in Melbourne participates in the future "Stahlwerke Krupp-Kloeckner GmbH." This Australian commitment will be decisive in the materialization of this merger. The two German concerns of Krupp and Kloeckner suffered just as much from the structural crisis that deteriorated due to subsidies as the other steel corporations. To put it mildly, one might argue that they had it up to here with their steel troubles and that, like quite a few other steel managers in Europe, they would not resist tooth and nail if somebody would buy their steel. But that did not prevent them from increasing productivity and closing plants, improving methods, or developing entirely new ones within the realm of the possible. Nevertheless, everything boils down to the fact that this is a merger of frustrated outfits. The two German concerns will also be happy over the fact that in the future they will only hold 30 percent (Kloeckner) and 35 percent (Krupp) of the new steel enterprise and thus of steel in general. In this way, the steel sector automatically drops out of the balance sheet consolidation which records only partnership shares of 50 percent. This will be helpful to the image of the future concern balance sheets.

On the other hand, we have the Australian partner. As its own managers declare, CRA is trying to get a foothold in the European market. The CRA is active in many raw material fields; lead, zinc, aluminum, and coal are only a part of the program. It is the biggest Australian mining company and above all an important supplier of iron ore with an annual extraction volume of 46 million tons in 1983. The Australian government expects that this ore will be refined at home. Australia is to export finished products, not raw materials. This is why CRA was looking for new, cost-covering methods for iron and steel making. In this search it ran into the Kloeckner Works whose new developments in metallurgy obviously impressed the CRA managers.

The link-up with an important foreign raw material supplier can only be helpful to the FRG's national economy, above all if this delivery link is further supported by a partnership setup. The question is as to the prices at which CRA will deliver and whether this will again raise problems.

One should of course not overlook the fact that the CRA is getting into this business deal rather cheaply. It is making a deposit of DM525 million on the basis of ore shipments. This kind of solution once again seems to point to the ingenuity of Kloeckner Works boss Gienow who has already devised various new ideas. The realistic demand for the gratis delivery of iron ore worth DM525 million means practical liquidity thanks to the credit rating. But that the CRA in this fashion gets 35 percent of an enterprise with an annual business volume of 10 billion, that is one of the results of the many long years of hemorrhage among German steel enterprises. After all, how much can one ask for shares in an enterprise that wants to start operating with debts amounting to DM5 billion and an in-house capital of DM1.5 billion?

The critics of this merger asserted that it could not yield any noticeable progress in terms of enterprise management. The boards of directors of Krupp and Kloeckner on the other hand announced that they would achieve cost savings of DM200-250 million each year. That is a lot of money. But can this really be achieved? The critics say that the plants are geographically so scattered and much too similar, in other words, there would be no supplementation but only addition. The merger partners say that this is precisely what would facilitate a geographically better distribution of the orders, in other words, shipping advantages, and an optimization of programs, quite apart from shutdowns. This merger will certainly also be accompanied by subsidies, at least those that have already been promised for the particular structural programs at Krupp and Kloeckner. It would of course be fatal if the merger were to lead to further subsidies, especially if one keeps in mind that the Australian partner, a huge raw material concern, would also profit from that indirectly.

The important thing now is to wait and see whether the merger partners will turn out to have been correct. That they do not tell us at this time as yet where exactly those 3,000 jobs are to be cut--a reduction that is being predicted along with the elimination of 1 million tons of raw steel per year and 2 million tons of rolled steel--that is just as understandable as the unrest in some of the plants of the future combined enterprise. The reaction of the

politicians was not long in coming. Now they are fighting again "to preserve steel facilities" although, on the other hand, they do not want any further subsidies. The politicians will not be able to close their eyes to the fact that the steel enterprises in the FRG will survive only if they cut a part of their present-day capacities.

Every time there is a concentration in the steel industry, a piece of the market economy is lost. There are also mergers for reorganization where the larger enterprise in the end found itself facing more problems than the smaller enterprise before. But how much free-enterprise economy is there still left in an industry in which production and sales are regulated by government-ordered quotas, where the so-called "quota hunters," the specialists of the concern, run a quota exchange in which jobs are swapped and bought, finally, in an industry where minimum prices prevail and where price cutting is financed through subsidies?

5058
CSO: 3620/80

FINANCE MINISTER REJECTS EEC ANTI-INFLATION MEASURES

Athens 1 KATHIMERINI in Greek 2 Nov 84 p 7

/Text/ The Greek government not only insists on a policy which fixes the economic activity at low levels and multiplies the unemployed but is also convinced...that it can teach the West Europeans what they should do! Of course, the West European leaders, who are implementing the classical methods for the revival of the economy and already harvesting the first positive results, are not disposed to accept lessons from Athens!

Indeed, National Economy Minister Ger. Arsenis, prompted by the recent EEC report on the economic situation of its countries-members, asserted that: "As concerns the economic policy, the Greek government does not accept the EEC prescription which, moreover, is the same as that of the International Monetary Fund.

"We do not share this view," he pointed out, "especially in the case of countries where the inflation problem is structural rather than one caused by demand pressures. Therefore, its solution will be achieved through structural measures which will uproot inflation in the framework of long-term programs and not in one year.

"Moreover", he added, "the experience from the implementation of the IMF hard terms in countries of the third world was painful. Wherever the harsh anti-inflation policy was applied, it led to economic downslides and dictatorships."

In response to a question if such dangers exist, he replied, "the PASOK government is here to protect the national interests and democracy. It implements a policy for propping up democracy and for the country's development. The prescriptions coming from elsewhere are not applied in this country."

Economy is Doing Well

Arsenis added that, to the disappointment of many, the Greek economy is doing well and there is no deterioration. This will also be proved by the information to be made public next Thursday.

More specifically, Arsenis stated that in principle no substantial divergence exists between the data EEC gave on the Greek economy from that of the Greek government. The basic difference is in the policy EEC proposes as concerns the stabilization of the economy. On this point the EEC report reflects an ideological perception which naturally concerns not only Greece but all the EEC countries.

The conservative view of the report is in the proposal to apply a stricter anti-inflation policy by considerably reducing actual wages and salaries, thus increasing the profits of the enterprises which will subsequently lead to the revival of investments. EEC, that is, proposes a demand reduction in domestic consumption and a corresponding increase in exports.

"We have said repeatedly," Arsenis said, "that we do not share this view. The anti-inflation policy EEC recommends for countries like Greece would result in an unprecedented reduction of production and employment without substantially reducing inflation. To consider the position that the unemployment problem is in confrontation with the employed is, moreover, erroneous and dangerous. Such confrontation is meaningless since the unemployment problem is of a structural nature."

Adjustment

"For this reason," Arsenis added, "we follow an adjustment policy which will gradually but steadily aim at cleansing the economy, improving competitiveness, reducing inflation and deficits (fiscal balance) while maintaining at the same time the purchasing power of earned income."

These views of the Greek government are shared by other EEC countries and individuals within the committee. Arsenis was forecasting that the EEC insistence on the anti-inflation policy at the expense of the programs for fighting unemployment, would lead to dangerous situations and sooner or later the moment would arrive when countries would be forced to change their priorities and give precedence to the confrontation of unemployment.

7520
CSO: 3521/51

ECONOMIC

GREECE

BRIEFS

ILLEGAL FLIGHT OF EXCHANGE--The Greek economy experienced a marked increase of foreign exchange flight during the summer period. This is the conclusion of economic leaders following the abrupt deterioration the balance of payments showed in August. According to Bank of Greece data which will be published soon, the invisible resources and especially the maritime foreign exchange was considerably reduced. But this drop cannot be explained by the development in the merchant marine and should be attributed to the intense speculation the rise of the dollar caused during that period.

/Text/ /Athens TA NEA in Greek 18 Oct 84 p 22/ 7520

INCREASED SOVIET CHARTERS OF SHIPS--Responding to a Greek request, the Soviets have promised to charter more Greek ships. This was the result of yesterday's first meeting of the mixed maritime committee which met at the Ministry of Merchant Marine. It should be noted that last year Greek ships held first position among the foreign ships chartered by the Soviet Union. The meeting also took up issues of bilateral relations. The Soviet and Greek delegations are headed by Merchant Marine Deputy Minister Beleski and Merchant Marine Secretary General Vas. Papadopoulos, respectively. /Text/ /Athens TA NEA in Greek 16 Oct 84 p 22] 7520

CSO: 3521/51

SLOW IMPROVEMENT IN ECONOMIC TRENDS SEEN

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German 19 Oct 84 p 2

[Text] The Hague--The parliamentary debate in The Hague on the budget bill of mid-September went forward smoothly. The cabinet agreed in principle to accommodate several wishes from the ranks of the Lower Chamber of the Dutch parliament. It thus increased its expenditures for the coming year by approximately 470 million guilders. Of this sum, 250 million guilders will come from the budget, and the remaining funds will be charged to the social services account.

The Central Planning Office report on the national economy sees an improvement in the economy of the Netherlands but finds no grounds for great optimism for the near future. More and more small steps are being taken in the right direction, but the uncertainties are great. The planning office itself warns that, because of these uncertainties on the national and international level, its figures for this and the coming year are to be regarded with great caution. In his preface to the report, Van Aardenne, minister of commerce and trade, points out that the pace of economic growth in the Netherlands in 1985 will hardly match that of 1984 (presently estimated at 2 percent), in spite of the favorable international economic situation. The planning office bases its 1985 economic forecast on the assumption that world trade will grow by 5 to 6 percent (by 6 to 7 percent in 1984), that the dollar exchange rate will drop to 3 guilders (which will strengthen the guilder and the West German mark in the European currency system) and that the moderation in wage demands in the private economy will continue.

Given these assumptions, industrial production will increase by 2 percent. National income will grow by 1 percent, following a 2-percent increase in the current year. This decrease in the growth of the national income in the face of continued production growth results from the fact that import prices are climbing while export prices are remaining constant (the worsening of the trade balance). Gross investment will continue to pick up and will show an increase of 5 percent (6 percent in 1984). Although this is not [sic] adequate, it is indeed less than would be desirable considering the sharp regression of recent years. The brightening of business profits cannot suddenly restore industry's financial condition after years of deterioration. This might take years yet.

The planning office sees a 5-percent growth in exports, less than 1984's six percent. The Dutch score of world trade remains unchanged. As is the case for exports, import growth too will slacken in 1985. The increase here will amount to 3.5 percent, following a 5.5-percent rise this year. The relatively strong reduction in imports is reflected in the balance-of-trade surplus, which will climb from 15 billion guilders in the current year to 17 billion guilders in 1985.

After a drop of 0.5 percent in 1984, private consumption will pick up slightly by 0.5 percent. This is due to the increase in the disposable income the average earner especially (plus 2.5 percent), resulting from lower social security payments and direct taxes. The buying power of workers with minimum wages, welfare recipients, government workers and equivalently paid workers in state-supported institutions will scarcely change. Inflation--factored into these forecasts--will run at 1.5 percent (3 to 3.5 percent in 1984). The business economy too will do better in 1985. The wage share (percentage of national income paid in wages) will drop from 88 to 85 percent.

Public spending will dip by only 0.5 percent in 1985, following a reduction of 1.5 percent in 1984. Public investments, on the other hand, will fall by 1 percent, after an increase of 1 percent this year. The planning office sees a stabilization in the number of unemployed at the 1984 level of 830,000 persons.

New Orders: The number of new orders remained virtually unchanged in August over the preceding month. This is indicated in the survey on the economy (excluding petroleum and the food industry) conducted monthly by the Central Statistical Office. In this report, new orders, standing orders and inventory were estimated by the companies to be the same as in July. The index of orders (September 1982 = 100) dropped slightly from 108 to 107.

Production: Industrial production remained virtually unchanged in the months of June, July and August. An upturn is expected, however, for the months of September, October and December in the areas of unfinished goods (for further use in the production process) and non-durable goods, above all in the area of capital goods.

The increase in sales in the Netherlands continues. The Economic Institute for Medium and Small Business (EIM) in The Hague forecasts that this trend will continue into 1985. Total sales will then increase by 2 percent. Export growth will lag slightly, showing a greater product mix. Domestic consumption will increase more strongly than in 1984. This growth in sales will allow the profits of medium and small businesses to grow by 7.5 percent, further reducing the wage share to 86.5 percent. At 2 percent, the rise in work productivity will be somewhat less than in 1984. In 1985 the increase in sales for intermediate and small industrial companies will total approximately 3.5 percent.

Exports and sales of capital goods, primarily machines, are continuing to expand vigorously. To a lesser extent this is also true of intermediate products. Profits are expected to climb by 19 percent, and employment is to

remain stable. The picture in the construction industry will remain unchanged from 1984. Growth in wholesale operations continues undiminished. Growth in capital goods will be somewhat softer than in 1985 [sic]. The trend in consumer goods, on the other hand, will no longer be negative. The EIM forecasts a declining sales volume for the retail trade, this despite higher consumer spending.

The EIM sees a 1.5-percent increase in sales volume for the current year. In this respect, the medium and small businesses are lagging behind the large businesses, which experienced an upturn in sales as early as the second half of 1983. The force behind the upturn is the growth in exports, which is stimulating domestic sales, primarily sales of intermediate goods. This helps the intermediate and small businesses, especially the supplier industry, the commercial service trade and the transport industry. Due to brighter prospects, investments are also increasing in industry, energy and road transport, leading to increased sales for the metal industry and the wholesale trade. Business profits in 1984 are growing by 12 percent, thanks to the positive trend in sales and the moderate trend in labor costs. The wage share is dropping from 91 percent in the previous year to 88.5 percent this year. Employment is still lagging a bit. Sales in medium and small industries are up 3 percent, showing a lower increase than in industry as a whole. The export share is smaller here and is going to less important industries. Sales growth in the construction trade is weak. The sales growth in the wholesale trade is running at about 2.5 percent. The intermediate and small retail businesses are still experiencing a downtrend because of shrinking buying power. In the case of durable and other consumer goods, sales are declining by 4 percent. Sales of foodstuffs are dropping by as much as 6 percent.

Labor market: The August increase in the number of unemployed was larger than had been expected because of seasonal factors. The seasonally adjusted labor market has been quite moody in recent months. After a modest increase in the first 5 months of the year, seasonally adjusted employment decreased sharply in June and July, only to rise again in August. The Ministry for Welfare and Employment ascribes this undulation half to the effect of the graduates entering the job market. The number of unemployed graduates this year is less than in 1983. As of the end of August, 839,597 persons were without work in the Netherlands, compared to 818,356 at the end of July. This corresponds to an unemployment rate of 18.0 (seasonally adjusted to 17.5) percent. Seasonally adjusted, the number of unemployed increased from 822,462 to 832,952. The unemployment rate increased here from 17.6 to 17.8 percent. The number of job vacancies climbed in August from 17,204 (14,958 in July), seasonally adjusted to 15,696 (14,638) [sic].

When the unemployed persons not registered at the labor offices are added to those officially registered as unemployed, there are approximately 1 million unemployed people in the Netherlands. The report forecasts that in 1985 about the same number of unemployed will be registered at the labor offices as in the current year, i.e., an average of 830,000 persons.

Wages and Prices: Between mid-July and mid-August, prices in the Netherlands rose by 0.1 percent. Forty-eight percent of the goods and services surveyed by the Central Statistics Office have risen in cost, especially mens clothing and fresh vegetables. The prices of 27 percent of the goods and services declined, primarily those of potatoes, womens summer clothing and sugar.

Balance of Trade: On a transaction basis, the Netherlands' trade balance amounted to a seasonally adjusted 6,115 million guilders in the second quarter of 1984. This was 4,540 million in the first quarter of 1984 and 7,450,000 guilders in the fourth quarter of 1983. The improvement in the second quarter is due entirely to traffic in goods (excluding energy). The energy balance worsened by around 1.5 billion guilders, amounting to a deficit of 923 million guilders. The service trade improved by 900 million guilders to total 1,128 million guilders.

9992

CSO: 3620/91

EMPLOYERS' VAN LEDE ON LABOR RELATIONS, ECONOMY

Rotterdam NRC HANDELSBLAD in Dutch 24 Oct 84 supplement pp 3,7

Report on interview with C.J.A. (Kees) van Lede, the new chairman after 6 Nov 84 of the VNO Federation of Netherlands Enterprises by correspondent Ton Van Zweeden: "I Would like to Make the Organizations Somewhat more Flexible;" date and place of interview unknown

Text On 6 November C. van Veen will turn over the VNO chairmanship to C.J.A. (Kees) van Lede. That will take place at a special general meeting in the Congress Hall in The Hague.

After a familiarization period alongside Van Veen, the new man is now beginning to become more and more visible to the public. The interview below provides an introduction through the present problems of Dutch labor relations.

"With averages, such as making a wage increase demand of 3 percent, a heavy burden is placed on the shoulders of the union negotiator. Imagine that in his branch of business a definite average is not obtainable and that he must tell his people that they must be satisfied with less, then he is handicapped."

So C.J.A. van Lede expresses his objections to goals, through which all business operations and enterprises are all treated alike. It is a timely question because the FNV Netherlands Trade Unions Federation has just made public a report, in which a claim was made for a wage increase of 3 percent in 1985. Moreover, the union federation will seek a general reduction of the work week to an average of 36 hours in 1986.

The future VNO chairman sees a great danger in such generally proposed averages. For he says, such a goal, for example, as the reduction of the average work week to 32 hours in 1990, can operate as a minimum. It becomes a prediction which threatens to fulfill itself. It can cause great difficulties for some branches of business. He says he could bring himself to have some understanding of it, if it is considered afterwards whether, for example, the working day will be reduced by a fixed percentage.

"We do not help striving for diversity, if we start with averages which have a tendency to turn out higher." He declares to his satisfaction that the FNV has included such differentiation in its proposals for working conditions policy in 1985/86, but he thinks the general public does not see those nuances. "That demand for 3 percent appears in the newspaper. Then people start with that."

Van Lede also questions the "figures" with which the FNV comes up with the 3 percent increase. "What must you do with that productivity increase of 1.5 percent, on the basis of which the increase should be cut in half? There are great differences between branches of business. No, the FNV's amount won't do. The increase should consist of three components: increase in productivity, increase in prices plus something else, namely tax reduction for business.

"The FNV wants to use that tax reduction to pay extralegal benefits, if social benefits are cut. I have great objections in principle and also practical objections against that. When the government takes tax reduction measures for business, it is not right in principle that another comes who says, 'we will take that.'

"My practical objection is all that tax reduction signifies nothing. The one and a half billion which the government has promised business is an imaginary tax reduction.

The trade union movement--and it is a question of that--is again going to divide what really does not exist."

Young, Smooth, Slender

We have already moved quickly in the midst of present problems. Van Lede gives the impression that he has used his familiarization period at the VNO well. He is the type of young, smooth manager, tall and slender, who speaks easily and thinks quickly.

We ask him what he still regards as a function of central consultation, now that the process of decentralization has definitely gone into operation.

He begins his answer with an anecdote.

"I appeared recently as a lecturer before a club of foreign investors. The VNO had prepared a nice speech for me, but I observed immediately that I must adjust that somewhat. What interested the foreigners was not how the formal structure of central consultation fits together with us, but how we get along with each other on a daily basis. I told those investors that the continuous consultation in the SER [Social Economic Council] and the Labor Foundation is very important. In those constant contacts all kinds of subjects are discussed which are of great importance for formal consultation on a central level at a certain time. To the best of my knowledge, such a thing does not exist abroad. For example, the Labor Foundation's wage board is constantly consulting about all kinds of technical things. I consider the dialogue in the SER and Foundation committees a very good thing.

"Another matter is the question whether central consultation will lead to a central agreement or that such an agreement is forthcoming. That agreement in the Labor Foundation of November 1982, in which a linkage was established between restoration of production and redistribution of labor was a historic event. But without that constant dialogue in the committees, it probably never would have happened.

"I think it is incomprehensible to ask the question whether a central agreement now comes out of it or not. Something must only be centrally regulated, when the need for it is strongly felt on a decentralized level.

"A good example is the agreement which was reached in July 1984 about combating unemployment among youth. That agreement originated very clearly on a decentralized level with the appearance of the industrial plan. Employers and unions needed central recommendations. The consultation in the Foundation was then finished in an afternoon. It went so fast because it was well prepared. The initiative for central agreements must come from below, because a decentralized need exists for it. We must no longer try to impose something centrally on branches of business!"

Question 7 Is the agreement of November 1982 still valid for you?

Answer Yes, that is still in force. But I consider undesirable statements which tend to favor certain things.

The agreements on the redistribution of work will have to be fulfilled on a decentralized basis. It has also become very clear that great differences exist in the trade union movement about the question what must be done about the problem of the reduction of the working day. There is even great diversity among our people. The profit margin of enterprises varies greatly. The restoration of profits is certainly not general. Therefore a collective reduction of working hours, valid for everyone in every sector, is the last thing that we want.

Minister De Konig has let the idea of a general reduction of working hours hang menacingly for a rather long time over the market. I now have the impression that he is retreating somewhat from that. I think that the government must not dictate that. It is a mistaken idea to treat all branches of business the same, the variety in type of work is too great for that and too many harmful side effects result.

Question Do you think that the central agreement of 1982 will come apart, if the FNV wants to demand the complete increase available?

Answer I have no personal information that one would want that, but that FNV report is naturally not beneficial. However, if special branches of business can take advantage of the subtle meanings in the FNV report, hopefully we will come out alright. If the different opportunities in branches of business are taken into consideration, the result of the negotiations can still be satisfactory.

Question Are you not afraid that a knock down drag out fight will break out over the distribution of the available increase?

Answer Negotiation is always a question of a tug-of-war. I expect that the fights will be hardest in the businesses which have less increase available than others. I think that the trade union movement cannot allow itself to hide behind the idea that they have nothing to do with industries' production. If it must be provided where there is no increase, other difficulties can develop.

Question The FNV asks the employers for efficiency reports about the way in which agreements about reduction of working hours and refilling jobs which are becoming vacant are reached. What do you think about that?

[Answer] I consider refilling a gruesome word. That is also something which you can only determine afterwards. If you make demands beforehand about the reemployment you eliminate the market. With the government it is somewhat different, for it determines its own market and consequently can decide better how many people it will keep employed. A business always operates in a competitive position and consequently must take into consideration that the market decides how much work there is and how many people you need for it.

Most businesses have a properly conducted consultation with their works council. This sort of thing can be discussed there.

In fact, evaluating the effects of the reduction of working hours and reemployment already happens in the enterprise. The most logical judge, namely the works council is there. It has a feeling for the enterprise's position in the market and an eye for the employers' dilemma in decisions about employing new personnel. We must be on the lookout for new ideas about control mechanisms. In my opinion, it is not possible to make agreements about reemployment. I also thought in the completion of the Foundation agreement of 1982 that the expectations about reemployment were much too high in view of the extensive unemployment.

There was much reasonable flexibility in the enterprises so that they could easily absorb the reduction of working hours agreed upon then, without employing new workers. For that matter, redistribution of work is a very new phenomenon with which we still do not have any experience.

[Question] Do you think that the employers will comply with the demand to distribute extralegal benefits if the social benefits are reduced?

[Answer] DSM [Dutch State Mines] or rather a DSM business said that supplementary benefits for sick payments are negotiable provided that the costs of that come up for discussion in the framework of working conditions policy. I consider that a correct position.

The VNO takes the viewpoint that the businesses themselves must see what they are doing with those extralegal benefits. We say to the employers; if you grant everything, you certainly must compensate for the costs elsewhere.

Question But are not other goals such as restoration of production, redistribution of work and employment plans for youth neglected, if the negotiations concentrate on those supplementary benefits?

Answer That can be, yes. If you would want to give away one and one-half percent of the wage amount to that, then that amount is no longer available to hire people. Reduction of working hours can then no longer come up for discussion. Supplementary sick benefits is a good example which shows how dangerous such a thing can be. That sick benefit turns out different namely for different businesses. Businesses with much absenteeism because of sickness and many minimum wage earners come out much more expensive than businesses with less and shorter absenteeism and better paid personnel. For some businesses supplementing the sick benefit to one hundred percent costs much more than one and a half percent of the wage amount.

Question Does a far-reaching decentralization process also have results for the operation of the VNO itself?

Answer A shift in the operations of our association is already in process. I can rather say that a dimension is added to it.

Labor conditions policy will always be important for our work. We must create a staff for that. There are still many centralized elements. The Labor Law of 1919 with the working week established in it is an example of that. That law really should be on the way out, because it hinders flexibility of working hours. There are also all kinds of legal obstacles to combat, before we can attack youth unemployment effectively. But far-reaching decentralization will also mean that the emphasis at the VNO will be more on what we call the promotion of the economic interests of our people. And then I think of the promotion of trade, development cooperation, international affairs such as the measures which come down to us from Brussels.

In the framework of the new industrial revival, it is necessary to think about help for new entrepreneurs. A most important matter in this respect is the market for risk capital. Environmental policy is also very important. That is still going to cost billions. We do not advocate a defensive attitude by entrepreneurs about environmental problems, but we certainly want it to be examined very thoroughly and that we do not do things which are not so useful, under pressure of public opinion. In this connection, I think of the approach to a huge problem, such as that of acid rain.

Question Do you think that something must change at the trade union federations, if the decentralization process continues? For example, must we grant more negotiating powers to the works councils and improve trade union work in the enterprises?

Answer As regards the works councils, we must make a distinction between increasing powers and changing the law. I think that we must increase the way in which the works councils use their powers organizationally. I do not consider changing the law about works councils desirable. I think that a logical result of the differentiation process is that the entrepreneurs will want to consult more with their works councils.

The present law offers the works councils more than enough opportunities, no change of the law is necessary for that. Not all the powers of the works council need to be regulated by law. If it is necessary to discuss new work schedules in filling up free days on the schedule in the framework of reduction of working hours, then only the works council can discuss it. It then involves whether John or Peter can have this or that day off. It is inconceivable that you could regulate that federation.

Question Do you agree that the employees must be more involved in investment plans and technological improvements?

Answer At this time, the employer is already obliged to discuss important investments with the works council. In that framework, I also see proposals to involve employees in technical improvements. If decisions must be made in the technological field which affect employment, both quantitatively as well as qualitatively, then that is so important that I definitely would want to discuss that with the works council.

Question We have confirmed that the process of decentralization is in operation. Do you think it necessary that agreements must be made about a new definition of assignments before discussion on the different levels.

For the first time in this discussion he is not immediately ready with an answer. Thinking it over, he says:

I do not have any cut and dried answer about that. I am reluctant about making agreements which can again lead to differences of interpretation. As is generally known, I am a lawyer. Article 1401 in the civil code involves unlawful action. The text of that article has never been changed, but still its interpretation has gone through a great evolution.

What do I see as a danger for a new definition of assignments? I fear that you tie yourselves down too much with new organizations in which it is precisely agreed what must be regulated on a central level and what on a middle (business operation) level and what on a limited (business) level. I think that we must try to reach a distribution of assignments in an informal atmosphere. We create a framework on a central level for our people who must fulfill that themselves on the business branch and enterprise works council level. You then make staff agreements on the business branch level.

The Netherlands will suffer from fossilization, if we do not watch out. Therefore I want to make the organizations somewhat more flexible. The system must be flexible. After the war, corporate business organization never got off the ground satisfactorily. You must create an attitude of understanding in which you know what you are doing, but in which there are not too many rules. It must not be so that you only talk with your equal on another level, although you naturally must not interfere in the negotiations of another.

If you have problems, you must be able to pick up the telephone to ask the person concerned what he thinks about it. It goes that way in business life too. I favor the status quo, let us leave the consultative organizations for the time being just as they are and try to distribute assignments through informal contacts.

8490
CSO: 3614/18

FOREIGN CAPITAL INVESTMENT USING CONVERTIBLE ACCOUNTS

Istanbul DUNYA in Turkish 13 Oct 84 p 1

[Text] As in the case of non-guaranteed commercial debts, it will be possible to liquidate debts accruing from convertible accounts by channelling them into foreign capital investment.

In a new arrangement introduced by the Office of the Treasury and Foreign Trade, it will be possible to use the principal and interest of convertible TL deposit accounts under state guarantee, and the convertible deposit accounts of legal persons residing in foreign countries which are not covered by the guarantee and put them into foreign capital investments within the country.

The envisioned measure, subject to the participatory approval of the creditors, will provide a potential for foreign capital investment to the tune of \$2 billion 475 million, principal plus interest, until the year 1989.

The statement issued by the Office of the Treasury and Foreign Trade, valid from 12 Oct 84 onwards, introduces the following measures:

The principal and interest of convertible deposit accounts (which as a result of an agreement signed with legal persons of foreign residence in 1979 was given the status of Central Bank debt, with payments deferred in 1979 and 1982) will be usable in foreign capital investments in Turkey within the scope of law no. 6224.

These credits receivable would, furthermore, be transferable to foreign companies under the Petroleum Law no. 6236 to be used in Turkey, and would be convertible to Turkish lira. In order that the principal and interest of convertible deposit accounts of legal persons residing in foreign countries be converted into Turkish lira, the creditors, or those organisations which hold claim to the receivables will apply to the Central Bank holding the permit issued by the Foreign Capital Section of the State Planning Organisation. The Central Bank will make payments to the company with foreign capital, or the foreign oil company in accordance with a pre-planned payments schedule in the form of Turkish lira on the going exchange rate.

The Office of the Treasury and Foreign Trade disallows the transfer of the share of foreign capital before the ending of the period envisioned in the

principal payback schedule. However, the share of the profits that belongs to the foreign partner will be exempted from this rule.

According to the issued statement, the Turkish lira amounts which will be used by foreign oil companies will be treated as "capital imported into Turkey with a view to being used in oil operations." In the transfer of these monies outside the country, the going exchange rate will be applied, and these amounts will not be transferable before the expiry of dates specified in the payback schedule.

12466
CSO: 3554/14

EGEBANK'S KARACAM ON FINANCIAL POLICY, ASPIRATIONS

Istanbul DUNYA in Turkish 13 Oct 84 p 3

[Interview with Burhan Karacam, general manager of Egebank, by Yener Ozkesen; date and place unspecified)

[Text] Burhan Karacam, general manager of Egebank, described his bank as perhaps not a specialty bank but the second largest in the Aegean region in terms of giving agricultural credits. Saying that they have chosen not to be the sort of bank that merely collects deposits but one which provides service," Karacam explained why they have kept their branches in limited numbers. During a conversation Karacam answered our questions as follows:

(Question) Considering Egebank's present position what are its contributions within the banking sector, and in areas where it provides services?

(Answer) Egebank's priority has always been and will be service to the customer. It has been engaged in foreign banking, and has given a good account of itself in the financing of the small farmer particularly in the Aegean region. And that is our main objective.

(Question) To what extent has your bank been affected by the interest rate and credit policies of recent years?

(Answer) Egebank happens to be among the most productive and profitable banks in Turkey within the existing framework of resources. In time it may even become number one which is certainly our target. The basic policies of our bank have been the rapid circulation of money, utilization of resources with low interest rates, as well as the avoidance of policies which might be detrimental to the national financial structure particularly during the period of unlimited interest rates. This basic policy will remain. We do not subscribe to the notion that we should be increasing our financial resources all the time whatever the cost. Instead our bank is interested in growth, preserving the existing structure of its resources and variable costs.

(Question) Does the practice of collecting deposits through a proliferation of branches justify the cost of operating those branches?

(Answer) Egebank has a small number of branches. And because its branches are located at centers of large commercial activity its structure is not essentially one of deposit banking. While our branch network is adequate within its present scope it is quite possible that new branches be opened. In Izmir we have a single branch. We might open new branches in Izmir, the Aegean region, and Istanbul - in major centers where there is business activity on a significant scale. But we never think in terms of merely increasing our deposit holdings. Our very structure is not suitable for that. We are planning to work in areas where the variable costs of money are kept low, where the volume of business activity can be increased, and where the turnover is quick. We do not support the proliferation of branches. Having large numbers of branches is a handicap these days. But we should also know how we have arrived at the present situation.

I do not believe that those banks presently burdened with the high cost of too many branches have done so by their own volition. It is necessary to look back to Turkey's pre-1980 structure if we are to understand the present. If one does not diagnose the problem properly then the solution would also be hard to come by. Before 1980, during periods when inflation was 25-30 percent, fixed-term deposits were given maximum 9 percent interest. Commercial deposits were about 2 percent, and variable costs of resources were around 5-6 percent. In those times loan rates were about 16-18 percent plus 25 percent tax. Thus the bank was in a position to buy at 6 percent on average, and sell at 16-18 percent thus making 250 percent profit on the deal. The customer was happy because he was provided with financing at 10-20 percent with inflation at 25-30 percent. The loser in the deal was the depositor. Not surprisingly they were not depositing part of their savings with the bank. Money was losing value in a way we call the negative interest rate. In a situation like that the most reasonable thing for the banks to do was to spread out as much as possible, and establish a network to collect as much money as possible. The cost of collecting resources was low. However, the positive interest rate policy of the post-1980 period (which provides real revenue, above the inflation rate, for savings) has altered the cost structure. Currently the fixed-term interest rates are around 60-65 percent. If we consider the overall cost of bank operations it all adds up to quite large amounts. To bring fixed-term deposit rates down it is necessary to encourage open-ended deposits so that average rates are brought down. Banks who were able to do this have been quite successful. But those banks which had spread out with a view to collecting deposits, to be near the saving public, and those which have not been able to benefit from commercial and business activity, found it difficult to be profitable since 70-80 percent of their deposits were fixed-term thus raising the cost of resources to high levels. This was not something created by the banks themselves but arose out of the circumstances of the day.

Since Egebank is a small and regional bank, its branches are located in places where communication could be established. It was during the last three years that the number of Egebank branches increased by 50 percent. There are 24 branches right now. Since our resources are limited, and we are a localized bank, we have not entered areas of competition. In the Aegean region we hold second place after the Agricultural Bank as far as agricultural credits are concerned. Supporting the small farmer is very important for us.

In today's changing conditions we have established a number of targets in order to get a larger share of the market. These targets can be listed as follows: The continuation of growth in Izmir and the Aegean, increased activity in places like Istanbul, Ankara, Adana and Antep where the volume of commercial activity is high, taking more services to those areas, and spending more efforts to increase our share in those regions. The whole of Turkey should be able to benefit from Egebanks services.

(Question) Is it in the cards to develop Egebanks as a specialty bank?

(Answer) Our bank is a specialty bank. We are engaged in financing imports and exports. Here the question is one of competition to be able to render service. Our foreign correspondent network is quite large. Today we conduct correspondence relations with numerous banks, including the iron curtain countries, Middle East, Asia, Europe and America. We are acting very quickly. As the number of our clients are limited our aim is to provide better service to certain known forces rather than spread ourselves. Our potential lies in the fact that we provide very rapid services, solving our client's problem quickly. Though our main activity concerns exports, we are also engaged in import financing since the incoming foreign currency would have to be used one way or the other.

(Question) As you have given priority to the needs of the agricultural sector in this year's activities, does this mean that you have perceived an opening in that area left vacated by the banks which have been in the business of financing agricultural activities?

(Answer) Outside the Aegean region we do not have branches at the county level. We have branches only at provincial capitals in those regions. In the Aegean region, however, we operate at the county level. This unique aspect of our bank derives from the fact that our founders were agriculture-oriented individuals. This year Egebanks will celebrate its 58th anniversary. Given the historical development of our bank we are closely enmeshed with the small producer. Therefore we are determined to use a certain portion of the bank's resources for the reinforcement and continuation of this relationship. Thus Egebanks gets the second place coming right after the Agricultural Bank in issuing agricultural credits. It is necessary that we get even closer with the producer. That is necessary not only with regard to banking services but for taking services other than banking to the producer. In this way we will be able to improve their productivity, facilitate their work, and offer help and convenience in certain matters. We have been mobilizing technical specialists and experts to enlighten the producer. We have organized two seminars in the Aegean region with the producers in mind. We will continue our efforts in this area in an ever-increasing manner.

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OUTLINE FOR BOSPHORUS BRIDGE PUBLIC BOND SALE

Istanbul DUNYA in Turkish 13 Oct 84 p 1

Nergis Yetkin reporting from Ankara.

[Text] In a bid to make available to the public revenues from public infrastructural facilities, plans are under way, as a first step, to offer depositors revenues from the Istanbul Bosphorus Bridge in public bonds in 10,000 Turkish lira. In accordance with a draft prepared by a committee of SPO experts, while a floor of 35 percent of the face value of the bonds will be established as yield at maturity, all yield scales will be calculated to insure yields commensurate with the inflation rate.

After the regulations pertaining to the public marketing of certain infrastructural facilities in mutual revenues bonds, in issuance of stock or in long-term lease agreements go into effect, there are plans to offer to the public the revenues of the Istanbul Bosphorus Bridge in denominations of 10,000 lira in bonds as a first step.

Two Alternative Methods

Just as studies are nearing their final stage on the sale of the Bosphorus Bridge, two alternative methods are being discussed for calculating revenues from the bonds. According to one method, yields of the bonds will be calculated on the basis of periodical maturation and there will be a yield guarantee of 35 percent. According to the other method, revenues will be based on the difference between the revenues of that year and the preceding year and a floor of 35 percent will also be effective in calculations employing this method. It is not yet certain which of these methods will be used in fixing the yield for the sale of public stock shares. The 35 percent guarantee to be granted to public bonds has been calculated in view of the projected inflation rate in the days ahead.

Tolls

On the other hand, tolls for the Bosphorus Bridge will be determined with a view to preventing revenues from falling below the inflation rate. The tolls committee of the Bosphorus Bridge will continuously adjust toll fees under the jurisdiction of the Public Mutual Fund.

The issuance of 10,000-lira public bonds for revenues from the Bosphorous Bridge aims at "attracting a maximum number of people to public infrastructural facilities." SPO officials point out that the high-yield Treasury Bonds previously issued could only be purchased by certain sections of the public and therefore in offering public infrastructural facilities to the public the denominations of the bonds would be smaller. The officials also noted that the purchasers of stock shares will never obtain revenues below the inflation rate, and that the floor on these revenues is designed to ensure an appreciation of savings. The rate of the revenue guarantee to be implemented at the periodical maturation or the guarantee to be implemented on the basis of the net difference of two maturation periods of the Bosphorous Bridge public bonds will be continuously adjusted in parallel with fluctuations in the inflation rate. In the event that the inflation rate is lower than the expected levels, the floor of the guaranteed revenues will also be lowered. All profiting public infrastructural facilities will be offered at intervals following the offering of the Bosphorous Bridge public bonds. Regulations pertaining to the public offering of bonds for the public sector infrastructural facilities, which went into effect in September, provides for preference in the purchase of these bonds to be given to the employees of these facilities.

In accordance with the provisions of the regulations, the facilities that come under this category will be determined by the High Board of Coordination for Economic Affairs, which facilities will then be reformed as public companies by the board, enabling issuance of stock shares.

Ten percent of the revenues obtained by the public offering of stock shares, bonds and long-term lease agreements will be allotted to the financing of investments for regions with priority in development. Financing will be effected by way of either loans or joint ventures.

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STATE OF ECONOMY INTERVIEW WITH MEHMET YAZAR

Istanbul CUMHURIYET in Turkish 14 Oct 84 pp 8-9

[Interview with Mehmet Yazar; date and place not specified]

Ulagay: Honorable Yazar, were the reactions and demands of constituents of the Union of Chambers really the main reasons why you criticized certain aspects of the government's economic policy? If that is the case, in which areas were these reactions more clear-cut--in the industrial sector, in trade, in the rural areas, in big business or in medium-size or small businesses? Where does the momentum appear to be concentrated?

Yazar: The Union of Chambers is responsible for and in a position to perpetually and closely follow the policies and changes that the government makes in the field of economics. While these evaluations are being made, it is obvious that the reactions and wishes of constituents are being taken into consideration. The Union of Chambers is an overseeing organization comprising chambers of commerce, chambers of industry, trade markets and chambers of maritime commerce established in all the provinces and in outstanding counties. The above-mentioned chambers are representatives of trade and industrial firms, both large and small. The Union of Chambers represents this broad base comprising expansive and varied elements. Consequently, the hypothesis on which your question is based as to where we are getting more reaction may be misleading. It is not correct to attribute these reactions to one group. Obviously, there are those who profit immensely and those who lose greatly thanks to the economic policies implemented in Turkey. In today's circumstances, the big export finance companies obtain optimum advantages from these policies. In general, small businessmen and craftsmen spread through the rural areas with their small and medium-sized businesses are adversely affected by these policies.

Ulagay: Sir, it is claimed that in order to prepare a political future for yourself you are making certain issues current but that these issues are actually unrelated to these reactions and demands. How do you feel about these claims?

Yazar: It is my foremost duty as the elected president of the Union of Chambers and Markets of Turkey, which is the highest, most powerful and largest legal organization of the Turkish private sector, to disclose the problems, views and demands of our community to the public and the authorities. We have been

performing this duty for four separate terms over 5 years in this manner. Therefore, I have difficulty in understanding how a different interpretation can be made when the same duties are being performed in the same manner. Furthermore, if we had conveyed the reactions of our chambers to the authorities as we received them it would have been better understood how moderate our statements were.

Ulagay: Have you undertaken a study to determine the current condition of the organizations that are members of the Union of Chambers? Are you referring to certain issues based on the results of such a study?

Yazar: As I have noted above, we form all our views as the Union of Chambers by taking into consideration the attitudes and inclination of our chambers. There are miscellaneous ways to monitor the conditions of the chambers. One of these is demands and issues that are directly presented to us by the chambers. The other is the replies that the chambers give to our questions. The third source is the capacity reports fed into the computer at our union from 26,000 companies. A fourth source is the views that the Union of Chambers establishes through regional conventions and so forth. In addition, the Union of Chambers continuously studies the condition of the Turkish economy through existing data and finally, an assessment of the situation is made through periodical polls. All these data form pieces of a mosaic. The Union of Chambers, in compiling these pieces in a meaningful manner, sheds light on the overall situation.

Ulagay: Honorable Yazar, among the propositions that you made earlier, you mentioned 500 industrial plants that have stopped production. What kind of data do you have pertaining to these plants? If these plants can be reactivated, what kind of potential will be involved? How many new jobs will be created? How much investment would be required at current rates to provide this employment opportunity through new investment?

Yazar: The companies that are presently inactive fall into diverse categories. Some of them have stopped their production lines because they are delinquent, some because they cannot complete a small portion of their capital investment. What is significant is that a part of these companies can start production immediately and the other part within 1 year. We have established some of these companies within the framework of a study undertaken by DESIAB. Some of these companies have been established within the framework of information received from our chambers. In addition, SPO has established certain companies within the public sector. Using these data, which are not homogeneous, it is difficult to assess precisely the exact results that can be obtained in the event these companies are reactivated. According to our estimates, if these plants are reactivated, a surplus production totaling 1 trillion lira can be expected as well as the creation of roughly 60,000 new jobs. To ensure this employment opportunity, an investment of 1.2 trillion. When the impact of these plants over the other sectors in the way of added employment and production is taken into consideration, the figures that we quoted above can be substantially exceeded.

Ulagay: All right, are these 500 plants of the kind that do and will appeal to the domestic market and if so, wouldn't their reactivation adversely affect imports and consequently our foreign trade balance? Would resurrection of these companies be compatible with the concept of restructuring foreseen by the Ozal cabinet?

Yazar: Among the 500 companies mentioned there are some oriented toward the domestic market as well as those that are oriented toward the foreign market and those that can be oriented either way. As is known, almost all existing industries in Turkey were initially oriented toward the domestic market, but when conditions became ripe they were able to switch to production that was suitable for the foreign market. Consequently, the essential factor that determines whether industries are domestic or foreign oriented is the general economic policy. As long as this policy does not facilitate domestic market oriented production, a significant number of companies that possesses certain characteristics will make efforts to export. Companies that have stopped production now have become inactive not because they were unable to adapt to technological and economical conditions but because they were unable to adapt to the new conditions of financing. In other words, the companies that we would like to make productive again are no different from the others from the standpoint of technological effectiveness. Most of these companies resemble automobiles that are unable to continue their trips because of a small mechanical failure. We certainly oppose revitalizing companies and investments that cannot be improved or that do not have the power to adapt and therefore would ultimately be a burden on the economy.

Ulagay: What is the approximate amount of financing needed to reactivate these companies? How will this financing be obtained? Do you have in mind a kind of "rescue operation" or are you thinking of a new conceptual and selective approach on the part of the banks whereby the positions of these companies will be studied and methods of revitalizing them developed?

Yazar: The reinstatement of these companies within the economy has nothing to do with "a company rescue operation." As a matter of fact, we have always opposed "company rescue operations" through methods based on unknown criteria and preferences. We are moving on the basis that it is time to reactivate a "frozen" economic source that is worth close to 1 trillion lira. The fundamental thing is that the creditor banks should study this situation with a new understanding and establish the basic changes in the companies' structures. In other words, we propose that banks should abandon the ineffectual methods that they used in collecting their credit up to today and approach the matter in a realistic frame of mind. Currently, many companies have become inoperative under the burden of bank loans and servicing imposed by these loans. Many companies could be reactivated if banks approached the matter constructively. They can reschedule the debts and provide new loans so that they in turn will be able to collect the unpaid loans within a defined period. In the end, the companies will be producing and the banks will have gained considerably in terms of cash flow.

Ulagay: And the amount of financing required?

Yazar: Around 200 billion lira will be needed to reactivate these companies. When one remembers that about this amount is provided for export companies as additional financing, it is quite conceivable that our economy possesses the funds needed to reactivate these companies. The critical point here is not the lack of funds but a more commonsense routing of funds.

Ulagay: Now you are suggesting that the 200 billion lira in funds that export financing companies are benefiting from should be transferred to companies that are inactive due to cash flow problems. A question here is whether our exports will continue to surge when tax rates are decreased, export loans are made more expensive and the domestic market becomes more active alongside a more moderate foreign exchange policy, as well as when subsidies granted to export companies are rescinded.

Uazar: We have never opposed encouraging exports and we do not oppose them now. What is critical in encouraging exports is that it be more profitable to export than to sell on the domestic market. Moreover, the extra profit in exporting should be sufficient to compensate for the additional efforts made in the foreign markets. What we oppose is not the encouragement of export activities but the recognition of special privileges to certain companies in violation of the rules of free competition. I do not believe our exports will be hurt if privileges granted to these companies are withdrawn because in essence a significant portion of exports made by other companies are transferred through export financing companies. What is more, since these export financing companies are of considerable size and strength, they should be able to increase exports without additional privileges but by performing under the general provisions of the encouragement of exports. The main issue in a continued healthy surge in our exports is the development of our industry from the stand-point of quality, volume and pricing. Another factor that leads to optimism is that the world trend appears to be developing favorably toward increased opportunities in the field of exporting.

Ulagay: Honorable Yazar, do you believe that the "expectation of increased inflation" has been frustrated in the market place and in general throughout the nation? If it has not, then what is the reason? What should be done to achieve effective results in the short term in fighting inflation?

Yazar: The expectation of higher inflation in the market place and throughout the country has unfortunately not been frustrated. The main reasons for this are that the bank interest rates were fixed far above projected and actual inflation rates and simultaneously the exchange rates were fixed above the devaluation in the Turkish currency as well as foreign inflation rates and finally price hike in SEE products exceeded the projected inflation rate. Another aspect has been the inability of the government to adopt a resolute stand on the issue of fighting inflation. In order to be able to obtain short-term results in fighting inflation, the government needs primarily to be resolute, and it should form its policies with a view to curbing inflation. At this point, to obtain results in the short term it is necessary to eliminate budget deficits and emphasize policies that will increase supply.

Ulagay: What are the disadvantages of the philosophy of seeing economic issues in abstraction of social realities in a country such as Turkey, which is living through a transition period in moving to become a democracy?

Yazar: Under extraordinary circumstances, in resolving economic issues social issues may take a back seat. However, it is impossible to continue this policy for a prolonged period, especially in countries where democracy is the primary order. It is as impossible to separate economic issues from social issues as it is unnecessary to do so. What is clear is that the Turks have made far greater sacrifices in instances where national interests deemed it necessary than any other people and they may again do so. However, these sacrifices should be evenly distributed through the nation and the nation should believe in their necessity.

Ulagay: Honorable Yazar, certain people have described your suggestion as "a nostalgia for the past" and "a deviation from the 24 January (1980) resolutions." What is your reply to these accusations?

Yazar: We have established that our proposals have been misinterpreted by certain circles. One of the fundamental reasons for this is that certain interpretations of these proposals are made on a wholesale basis. According to what we found, the majority of those who critique our proposals, and especially those who misinterpret them, have not had the opportunity to read them in their entirety.

Our proposals are aimed at completing the 24 January (1980) resolutions in accordance with current conditions and requirements. To abandon or deviate from the philosophy of 24 January is out of the question.

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BARLAS FAVORS NONCAPITULATORY FOREIGN ECONOMIC INPUT

Istanbul MILLIYET in Turkish 23 Oct 84 p 1

[Editorial by Mehmet Barlas: "Ozal Model"]

[Text] Prime Minister Ozal's idea in discussing who is to build the projected nuclear power plant in Akkuyu, Mersin, during his trip to Germany has begun to apply to all similar state projects. You will recall that Ozal told the firms applying to build the nuclear power plant: "You will own the plant and sell electricity to Turkey in return."

It seems that state officials have begun to offer this model, introduced by Prime Minister Ozal, to other contractors wishing to build the second Bosphorus Bridge, new thermal power plants and certain express highways.

It would be wrong to say that the "Ozal model" was first used in Turkey or elsewhere by Prime Minister Ozal. Concessions of this kind were concluded with foreign firms under the Ottoman Empire and during the Republic period as well. The most recent was the "American-Turkish Corporation Refinery," and the controversy surrounding its nationalization at higher than the book value is something we still remember. Before that, the business of nationalizing certain of the Havagazi Company's railroad lines occupied the first 10 years of the Republic.

An even earlier example is the Monopoly Rights Agreement of 1872 granting Marmara-area tobacco operations to the Galata brokers Kristaki and Zarifi.

So, at first glance, it would be possible to reject the idea of granting concessions in exchange for building a facility on the grounds that they were a "reincarnation of the capitulations."

However, if one looks at it from the standpoint of today's realities, it may appear to be completely different.

It is no easy thing for the firms applying to build facilities such as nuclear power plants or bridges to recover their investment and make a profit through ownership of the property and earnings on operations. These are the kind of large projects that states do. Profits take a back seat to the usefulness of these facilities, weighed in the balance between commercial cost and social benefit. For example, exorbitant rates cannot be charged for a kilowatt of electricity and neither can highway and bridge tolls be extremely high.

If contractors agree to the Ozal model, they have to figure on depreciation of these facilities over a specific period of time, say 8 years for example, and the repayment of principal and interest on the bank loans they used. They also have to evaluate the impact on their costs and energy prices of foreign exchange rates.

Moreover, what political guarantee will the Turkish state offer them against future nationalization of these facilities or a freeze on sales prices?

In short, if the Ozal model takes hold and if these important facilities for Turkey are built and run by foreign firms, the nation will be the beneficiary.

That is, provided the firms that build and operate them do not demand exorbitant concessions in order to convert their investments into quick profits and as a means of having a guarantee on them.

Another important point is the need to get the foreign credit these investments will require while the getting is good. It would be unfortunate if the construction of these vital investments were to be delayed in the search for a model.

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INVESTMENT INCENTIVES GEARED TO EASTERN DEVELOPMENT

Istanbul CUMHURIYET in Turkish 23 Oct 84 p 9

[Text] Ankara (NATIONAL PRESS AGENCY) - The communique on implementation of the incentives and guidelines for investments and foreign exchange-earning services has been published in the RESMI GAZETE. It sets the minimum net assets rate for investments in priority development zones [PDZ] at 30 percent. Agri heads the list of 10 provinces in the class-one PDZ and Adiyaman heads the 17-province class-two PDZ.

The communique puts the minimum net assets rate at 40 percent for investments below a sum total of 600 million Turkish liras in non-PDZ areas and lists other minimum net assets rates applicable to investments as follows:

"50 percent for investments in developed zones, 40 percent in standard zones, 30 percent in standard zones for investments over 5 billion liras; for investments above a sum total of 600 million liras: 20 percent on marine products, tourism and livestock and integrated agricultural investments; 10 percent on all ship investments; 5 percent on shipbuilding."

In reference to the 100 percent customs exemption on investment goods, raw materials and equipment used in educational, training and research activities, the communique says: "Universities, academies and colleges, general vocational and technical training institutes and public research institutes are eligible for this incentive for their educational, training and research requirements and activities."

The communique sets a minimum investment deduction of 100 percent for investments by capital companies and cooperatives of over 600 million liras in class-one PDZ's in sectors of special importance: energy; electronic communications; medical equipment production; agriculture, livestock and integrated facilities; all tourism and education; marine products. It reads:

"The minimum investment deduction is 30 percent on investments in developed zones such as Istanbul and Kocaeli Provinces and Ankara, Izmir and Bursa Provinces [as published: metropolitan areas], 40 percent on regional development and agricultural investments in standard zones, and 60 percent on investments in class-two priority development zones."

Listed in the communique as class-one PDZ's are, in order, Agri, Bingol, Bitlis, Gumushane, Hakkari, Mus, Siirt, Tunceli, Kars and Van; class-two PDZ's, also in order, are Adiyaman, Artvin, Diyarbakir, Elazig, Erzincan, Erzurum, Kahranman-maras, Malatya, Mardin, Sivas, Cankiri, Corum, Kastamonu, Sinop, Urfa, Tokat and Yozgat.

Activities eligible for investment incentives are listed in the communique under the headings: agriculture, mining, manufacturing, energy and services.

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OZDAGLAR ON SECTORAL, REGIONAL INVESTMENT TRENDS

Istanbul CUMHURIYET in Turkish 25 Oct 84 p 12

[Report on interview with Minister of State Ismail Ozdaglar by Canan Yazgangil:
"No Private Sector Rush to Invest in East"]

[Text] Ankara -- Minister of State Ismail Ozdaglar said that the state has thrown its weight behind the priority development zones [PDZ] and reported that the State Economic Enterprises [SEE] and public corporations will halt all investments in the Western Anatolia region.

In the next 5 years, public corporations will be permitted to invest only in the 27 priority development provinces, but important projects already begun by them will be completed.

New SEE investment projects in the Western Anatolia area have been stricken from the 1985 program and discontinued. It was decided that appropriations for some SEE investments in progress in these areas would be shifted to new investments in the priority investment zones, but the high-priority and urgent ones would be retained.

At the meetings on the PDZ's chaired by Minister of State Ismail Ozdaglar, the importance placed on the PDZ's by the government was explained to SEE managers and they were asked to shift all available resources to these areas. It was decided at the meetings that three new sugar factories would be brought on line in Eastern Anatolia in addition to support for agricultural irrigation. Priority will go in 1985 to resolving the transportation, water and electricity problems in the PDZ's and all heavy equipment will be shifted to Eastern and Southeastern Anatolia for this purpose, it was decided.

The PDZ's, among which Eastern and Southeastern Anatolian provinces predominate, have been allocated 25.4 percent of all investments. This amounts to an investment of nearly 700 billion liras in the region next year.

No Private Sector

Minister of State Ismail Ozdaglar, who spearheaded the work on the PDZ's, said, "The private sector is avoiding investment in Eastern and Southeastern Anatolia despite unlimited incentives." He noted that in order for the private sector to invest heavily in these areas, it was first necessary for the state to complete the infrastructure.

In an interview with a CUMHURIYET reporter, Ozdaglar gave the following answer to questions on the topic:

"The priority development zones have been exploited for many years by different political administrations. Our government is approaching the matter from this point of view. Earlier administrations have accomplished many things in the area. We do not deny that. But ours is the government approaching the East and South-east with the best intentions.

"In spite of everything, work goes forward with great difficulty in these areas because of the harsh conditions. The private sector does not seem to want to invest in the region, despite unlimited incentives. It is wrong to wait for the state to do everything. I believe the region has a great investment potential. The area people, in particular, must convert their savings into investment in their area."

Ozdaglar said that provinces of Central Anatolia were included also in the 27 priority development provinces and that it would be a mistake to view the problem as an East-West distinction.

Red Tape

A few private firms that worked up projects for investment in the PDZ's reportedly were overwhelmed by red tape. There are also some firms that applied for various investments in the area, but have not been able to begin for 2 years.

Minister of State Ozdaglar said that a few firms that had applied for investment in the PDZ's prior to passage of the incentive edicts had run into red tape in the ministries involved with the projects and added that problems of this sort would be taken up individually and that all ministries and public agencies had been asked to process PDZ investment applications quickly.

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CHAMBERS CONSULTANT MORGIL CRITIQUES ECONOMIC POLICY

Istanbul TERCUMAN in Turkish 25 Oct 84 pp 1, 10

[Interview with Union of Chambers consultant Orhan Morgil by Nazli Ilicak: "'Contemporary Civilization' and Future Technology"]

[Text] We asked Mehmet Yazar [president of the Turkish Union of Chambers of Commerce, Industry, Maritime Trade and Commodity Exchanges] for his views on the notion that high interest can prevent unemployment by encouraging labor-intensive investment. He said we should discuss the matter with Orhan Morgil, the consultant to his office.

We did, and Morgil replied as follows:

[Question] What is your comment on the claim that keeping credit interest several times higher than inflation will encourage labor-intensive investments?

[Answer] The factors determining interest levels in free market economies are the rate of inflation and supply and demand in financing funds. Setting interest rates at a level higher than the market dictates would create cost-inflationary pressures in the economy and result in pushing inflation up. If the person making this claim bases it on the notion that further stimulation of inflation can improve growth and employment, past experience in Turkey has proved that he is going to be wrong.

[Question] How does credit interest a great deal higher than inflation affect investment?

[Answer] The purpose of investment in free market economies is to make a profit. If interest rates are higher than the rate of profit, no investment will be made. Obviously, when investments in an economy stop and the resulting economic stagnation becomes widespread, the unemployment problem will grow worse.

Also, the most important factor determining the areas in an economy in which investment will be made is demand on the domestic and foreign market in these areas. No investment will be made in sectors where there is no demand, regardless of interest rates. However, a rational real interest policy is an advantage in free market economies because it ensures a productive and prudent distribution of resources.

[Question] How much do interest rates influence the selection of technology and labor-intensive industries?

[Answer] It is impossible in many branches of production to use capital-intensive and labor-intensive techniques as alternatives. This is because in many areas of production today labor-intensive techniques mean backward, low-technology methods and, therefore, low productivity and costly production. Turkey is basing its economy on outward orientation and plans to become a Common Market member, so there can be no question of the widespread use of low-technology, backward labor-intensive methods that would weaken its ability to compete internationally.

The extensive use of labor-intensive technologies in an economy slows down capital accumulation and, therefore, results in declining investment in the medium term and further aggravation of unemployment. To step up Turkey's growth over time and solve the unemployment problem requires a balanced technology policy that stresses modern production techniques.

[Question] One study shows that Turkey has \$3 billion in resources to be shared by 500,000 people. It is recommended, based on this, that investment be made in areas not requiring a great deal of credit.

[Answer] The foreign exchange requirement for an investment in Turkey is around one-third of the total amount of the investment. Turkey must have 350,000 new job openings each year to prevent unemployment. It was figured in 1984 that it took a 15 million-lira investment for each new job opening in Turkey. The total investment needed to provide 350,000 new jobs annually is around 5 trillion liras. For an investment of this amount, approximately \$4 billion in foreign exchange is needed. Turkey has a national income of 18 trillion liras and foreign exchange earnings of \$9.5 billion. If it applies prudent and consistent economic policies and mobilizes the support and creative force of our people, it can carry through these investments. Turkey does not need policies stressing backward technologies or artificially high interest rates to support them.

Moreover, Turkey is a country that has been able to build key facilities for various branches of industry in many foreign countries, has been able to build modern infrastructure such as ports and roads, has achieved an industrial and technological level to enable it to export such industrial goods as refrigerators, automobiles, washing machines and buses and has as its guiding principle, as set forth by the great Ataturk, "to achieve the level of contemporary civilization," and as such it is impossible for Turkey to take seriously the proposal that its development should come about through investment in toymaking, gift items, rugs and handcrafts as certain foreign circles have suggested for many of the less developed nations in Africa and Asia.

8349

CSO: 3554/31

TOP SPO OFFICIAL ON FAILURE OF INCENTIVE SYSTEM

Istanbul DUNYA in Turkish 25 Oct 84 pp 1, 9

[Article by Taylan Erten: "Export-Based Incentive System a Failure"]

[Text] Ankara -- The "incentive system based on export contracts" in use since 1980 has been changed because it prevented economic development at the points of realization of private investments and fulfillment of export contracts.

The system, administered by the State Planning Organization [SPO] Office of Incentives and Implementation, led to overcommitment by investment-oriented firms in order to take advantage of the incentives, and the inability to control that resulted in unfinished projects.

System Based on Export Contracts Did Not Work

The Incentives and Implementation Office discovered that a "significant portion" of the investment projects adopted over an approximately 4-year period and which came within the scope of incentive practices "were unable to be carried out owing to problems stemming from a system based on export contracts." According to officials, entrepreneurs "who concluded large quantities of contracts in order to get the incentives" had "their incentive certificates revoked" when they were unable to accomplish their goals and "sanctions" were imposed. This situation made it "impossible" for projects to be carried out from the very beginning, resulting in the "waste of incentive funds."

Changes have been made in the investment strategy for the purpose of eliminating this drawback and ensuring the concentration of investments in Eastern and South-eastern Anatolia by "deterring" the trend to invest in the Marmara area and part of Central Anatolia, now admitted to be "saturated." A top SPO Implementation Office official was interviewed by DUNYA on the investment incentive strategy now placed in effect:

Question: The investment incentive edict and implementation communique which you have put in place are vastly different from the old system. Would you explain how the new incentive system differs?

Answer: We have made a lot of changes in the investment incentive system. The new system employs an off-incentive method. In the old general incentive table, investments were classified by sector only and incentive measures were applied on a sectoral basis. Now, we have a simpler, more practical system that is easier to understand and will not be so difficult for us to administer.

Any investment not listed in the off-incentive table is eligible for incentives. The same is true for priority development zones. We divided investments into two categories of above and below 600 million liras. We did this thinking of those below 600 million as "category investments," such as livestock or "TIR" investments. We can evaluate this kind of investment very quickly, completing the study and making a decision in just a couple of days. We will also have standard projects for investments of this kind. Investments above 600 million liras, though, are quite different. We will assess those on the basis of feasibility reports and the ones we approve will go on through the incentive system. These are the basics of the system.

Question: What kind of problems did the incentives-by-sector create?

Answer: Investment incentives by sector made no distinction among regions. An investment in Istanbul got almost the same incentives as one in Agri. Now, Turkey is divided into four zones: The areas inside the Istanbul and Kocaeli provincial boundaries and within the municipal limits of Ankara, Bursa and Izmir are defined as developed zones. Then we have two categories of priority development zones, and all the rest are designated as standard zones.

Incentives increase by degrees as one moves from the developed zones to the standard and priority development zones. This is a new approach.

Question: There was a graduated customs plan in the old system. This is now gone; what was your purpose in this?

Answer: We discontinued the graduated customs system for this reason. We were thinking, we are either going to encourage investments all the way or not at all. So we have now converted the graduated customs plan into an exemption.

Question: In setting net assets rates, was a basic change of direction in investment incentives the intent?

Answer: We took the lowest net assets rates that we had used to date and made them applicable to the basic purpose of the new system. The rates decline as one goes from west to east and we also wanted to help the entrepreneur by keeping the net assets rate low in small investments.

Question: How will investment deductions work?

Answer: We increased the investment deductions, which, for instance, used to be 30 percent in Ankara and 30 percent in Istanbul. We changed this according to the degree of development of the zones. The investment deduction is 30 percent in developed zones, between 60 percent-100 percent in priority development zones and 40 percent in standard zones. We also have a sectoral classification which we

define as sectors of special importance. That is, for investments of over 600 million liras, these sectors are energy, electronic communications, medical equipment, farming-livestock and integrated systems based on them, tourism and educational investments. These sectors get a 100 percent investment deduction.

Why Export Contracts Not Fulfilled

Question: Why did you discontinue investment incentives on the basis of export contracts?

Answer: This is an important part. While the investor used to get incentives, exportation was always a condition. For example, there was the matter of graduated customs. If the investor had a 50 percent export contract, the customs installment was converted to an exemption. There were many of these investments that could take advantage of incentives only provided the exports were 100 percent fulfilled, and they are now in trouble. Why? The investor would commit himself to these contracts for the purpose of taking advantage of incentives, but, if we were to attempt an actual follow-up at the moment, we would see that most of them were not able to make the exports. We have separated investments and exports because of this. Therefore, we will be encouraging investments in the future without tying them to exports. The export contract condition applies only in customs, duty and fee exemptions. We could not lift this because of a provision in the regulations, but we have reduced the export obligation. To take advantage of this exemption, the investor used to have to get a contract for 25 percent of his production. We reduced this according to zones. It is 20 percent in developed zones, 10 percent in standard zones and 5 percent in priority development zones.

Question: Won't keeping investment incentives separate from the obligation to export make investments return to the domestic market?

Answer: No. Present government policy requires exports anyway. The wise investor today will build his investment portfolio on exports. He will not go into a non-export-oriented investment because it is not profitable. Even if we do not force exports upon the entrepreneur, he still has to use his head. Otherwise, he will go under. Were we successful with the incentives based on exports in the old system? No. We pushed the entrepreneur into a 50 percent to 75 percent export obligation and punished him when he could not come across. So we were not encouraging investment, but hindering it. This is the situation of most of the idle facilities in Turkey at present.

Question: In other words, the obligation to export will cease being an element of pressure on the entrepreneur?

Answer: Yes. Investments made in the framework of current government policy must be export-oriented anyway. This is the general framework.

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CSO: 3554/34

SELECTIVE REPEAL, IMPACT OF LAYOFF, STRIKE CLAUSE**Bans Repealed in Selected Provinces**

Istanbul CUMHURIYET in Turkish 29 Oct 84 pp 1,8

[Text] The ban on worker layoffs has been lifted in Istanbul, Edirne and Izmir following a similar action in Ankara.

The press statement issued in connection with the action by the 1st Army and Martial Law Command for Istanbul and Edirne is as follows:

"The clause of the Command's Communiqué No. 70 requiring special permission for strikes, lockouts, work place closures and worker layoffs has been repealed effective 29 October 1984."

Consequently, it is no longer necessary to seek the permission of the Martial Law Command to exercise layoff, strike and lockout rights in the Istanbul and Edirne martial law areas.

Meanwhile, Communiqué No. 47 signed by Aegean Army and Martial Law Commander General I. Hakkı Akansel states:

"The Command's Communiqué No. 42 which required special permission for strikes and lockouts; union activities such as declarations of intention and referendums; work force reductions and worker layoffs with the aim of preserving security and public law and order is hereby repealed."

The 1st Tactical Air Force and Eskisehir Martial Law Command also issued a communiqué repealing the requirement for permission for strikes and lockouts.

Impact of Layoff Ban Repeal Reviewed

Istanbul CUMHURIYET in Turkish 29 Oct 84 p 8

[Text] It was originally agreed in principle to regulate worker layoffs on the basis of the special powers assigned to governors by the State of Emergency Law, in order to prevent the creation of an abrupt power vacuum in worker layoffs in provinces where martial law would be lifted. However, a flexible implementation was endorsed in this connection because no written consensus was reached on the issue.

Now, however, successive communiques issued by martial law commands repealing the ban and the permission requirement on worker layoffs have directly brought back the provisions of the old Labor Law.

Thus, articles 13, 17 and 24 of Law No. 1475 are once again effective for all of Turkey. The said provisions do not impose any restrictions, such as indemnity payments, on individual or collective worker layoffs.

Prospects for job security, which unions tried to guarantee by including special provisions in collective labor agreements and through seniority compensation during the pre-12 September period, completely disappeared after the Supreme Arbiters' Council erased these provisions from labor agreements and the seniority compensation system lost its effectiveness as a result of successive legal restrictions. Thus, in contrast to Western countries, employers in Turkey now have the right to lay off as many workers as they like at any time they choose. Legislative measures in Western countries contain provisions which consider the worker's right to work as sacred as the employer's right to lay off workers and which, consequently, impose various restrictions on worker layoffs. Provisions aimed at preventing employers from laying off workers on unreasonable grounds range from the requirement that employers show justified or mandatory grounds for laying off workers to special and substantive compensation--and even readmission to work--in cases of unjustified layoffs. In Turkey, on the other hand, a draft law prepared by the Ministry of Labor during the transition period and aimed at including job security provisions in articles 13, 17 and 24 of the Labor Law could not get past the Council of Ministers.

Employers have sizable demands in connection with worker layoffs because of the National Security Council decision "to ban unjustified worker layoffs" and the later requirement stipulating the permission of martial law commands for layoffs. The provisions have been in effect in the period since 12 September during which union rights have been suspended. As a result, the complete repeal of the ban is expected to lead to extensive and mass layoffs in various work places. Because of concerns about the social problems that such a situation could produce, the decision of the National Security Council was not completely repealed after the Grand National Assembly began functioning, and, instead, a gradual return to the old system was arranged by using the martial law commands and the state of emergency provisions.

Parties, Unions React to Repeal of Layoff Bans

Istanbul CUMHURIYET in Turkish 29 Oct 84 p 8

[Text] Ankara--Political parties and unions have expressed their views in connection with the repeal of worker layoff bans in Istanbul and Ankara.

Nationalist Democracy Party Secretary General Ulku Soylemezoglu said: "While this decision by martial law authorities does not warrant a panic from a standpoint of worker rights, employers must be barred from laying off workers on unjustified grounds."

Social Democracy Party Deputy Leader Muzaffer Sarac contended that the painful consequences of the decision to repeal the worker layoff ban will become

evident very soon. He said: "The policy pursued by the government and the budget it has prepared will in themselves lead to higher unemployment. The repeal of the worker layoff ban is an indication of how big the army of the jobless in Turkey will grow in the future. As the Social Democracy Party, we propose that worker layoffs be made more difficult by legislative action now that the ban on layoffs has been lifted."

Correct Way Party Deputy Leader Cokberk Ergenekon said that the repeal of the layoff ban is an indication that, as a result of the economic policy being pursued, employers are forced to scale back their economic activities.

Populist Party Assembly Deputy from Istanbul Kemal Ozer charged that the repeal of the layoff ban will shake the foundations of the concept of job security and that, as a result, labor unions will not be able to defend the workers' rights and will thus be in a difficult position.

Mehmet Acidereli, leader of the Railway Workers Union which is affiliated with Turk-Is [Turkish Confederation of Labor], said that the new situation is extremely objectionable from the standpoint of the public sector. He said: "The private sector is looking for pretexts to fire workers in any case. Unemployment has reached limiting proportions. This is not a good move." Meanwhile, Turkish Longshoremen's Union leader Ahmet Kurt contended that mass layoffs can be expected as a result of the repeal of the layoff ban.

9588

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COORDINATED EFFORT URGED TO BOLSTER MARITIME INDUSTRY

Istanbul DUNYA in Turkish 29 Oct 84 p 5

[Article by Nazih Halim Neyzi: "Reorganization of Our Maritime Industry"]

[Text] Ten years ago, preparations were being made to increase the capacity of our marine merchant fleet to 5 million deadweight tons [dwt]. At that time, our merchant fleet had a displacement capacity of less than 2 million dwt. Today, this figure has surpassed 6 million dwt.

This is a result that deserves rejoicing. But before we get hasty, it is first necessary to examine the situation. When development plans were being drafted it was envisaged to accomplish this growth by our own industry. However, the growth has been accomplished the easy way, by buying used vessels on the world market.

The fact that we have achieved our goals by taking a short-cut route should not confuse us and lead us to neglect our shipbuilding industry. The domestic shipbuilding industry is experiencing a severe crisis; the first labor strikes have occurred in the shipbuilding industry.

As our foreign trade grows, the ships we have will become inadequate. Currently, there is a world glut of merchant vessels, and freight charges are dropping. But maritime trade is changing form, and the need is being felt for new types of vessels.

For example, container shipping has developed very rapidly. RO-RO [Roll on-Roll off] ships have gained importance. As trade agreements signed with Yugoslavia begin to be implemented, we will need several RO-RO and container ships to operate between the ports of Koper and Mersin. We will need similar ships to operate from Bulgaria and Romania to the ports of Trabzon, Hopa and Giresun. We must also organize our ports so that they can handle container and TIR traffic. In fact, we must also build ports which can accept large ferryboats carrying railway cars. The ports of Mersin and Iskenderun, in particular, are very suitable for railway transportation. A new switchyard must be built in Muratli in Thrace to divert the railway line to Tekirdag. Then, if railway ferryboat lines can be built to Bandirma and Yarimca, our exports can be shipped to Europe more easily and at lower cost.

From a standpoint of cargo transportation, our merchant fleet has grown too abruptly. This growth was accomplished by the private sector by importing used

vessels. At the beginning of this year, the private sector owned 486 vessels with a displacement capacity of over 3 million dwt. The public sector, on the other hand, operated 238 vessels of nearly 1 million dwt. Thus, at the beginning of the year we had a total of 724 vessels with a capacity of over 4 million dwt. As we approach the end of 1984, the private sector has increased its fleet to 522 ships with a capacity of 5 million dwt, while the public sector has increased the number of its vessels to 242 with a capacity of slightly over 1 million dwt. Thus, in the last 10 years the private sector has expanded substantially and has increased the size of its fleet to four times that of the public sector.

When we look for the causes of the disparity between the growth rates of the public and the private sectors, we see the effect of the GISAT [expansion unknown] credits offered by the Central Bank. The Central Bank supported the private sector, and as a result the maritime industry took great strides in private sector. Private banks also played a role in this development by lending to the private sector through the Central Bank. While these developments took place, the stagnation in our shipbuilding industry went unnoticed. Buying used ships from overseas is equivalent to giving away jobs to foreign shipyards. We were trapped in the same vicious circle in the 1950's by building oil-fired power plants. By generating electricity using petroleum products we became dependent on foreign countries for our oil. It is true that oil-fired plants can be built faster and can begin generating electricity with less lead time. Hydraulic and coal-fired power plants take longer to build and need larger investments, but once they are completed the difference between electricity generated with locally available energy sources and that generated with imported oil becomes quickly evident.

Meanwhile, the credits given out to the private sector are in a perilous state. The Maritime Bank is unable to collect its loans. Ship owners who cannot even pay the interest on their loans are finding themselves in a difficult position. The private sector entrepreneur who built his first ship with the help of a loan is unable to complete his half-built vessel today. The banks are unwilling to extend additional credit, and the borrowers do not have the means to pay even the interest.

The Maritime Bank is burdened with the major task of rectifying this situation. Today some holding companies owe banks close to 30 billion Turkish liras. The 10 billion Turkish liras that the Maritime Bank has in outstanding loans is a relatively small amount. Consequently, the first thing that must be done is to complete the half-built ships at any cost. In addition, the practice of buying ships from abroad must be ended.

In any event, 50 percent of the parts used in what we call domestic ships in our shipyards come from abroad. But as we build our ships here we are developing our shipbuilding industry. For example, the Pendik shipyard has now begun building ship engines. It is sad, however, that this shipyard which can build engines of up to 800 horsepower has bought motors to be used in local passenger service ferryboats from abroad. In fact, most of the parts of the engines built in Pendik are imported from Poland. But that is the way it is; we will learn by building, and the share of imported parts will eventually decrease.

If the dry dock at the Pendik shipyard is completed, we can locally manufacture 70,000-dwt vessels which we are now buying from abroad. The dry dock is planned to be 300 meters long, 75 meters wide and 12 meters deep. On a dry dock of this size four 75,000-dwt vessels can be constructed at the same time, thus resulting in lower costs. The Pendik shipyard has adequate steel plate cutting and parts manufacturing capacity for the concurrent construction of four ships. Some of the engines for such ships can be built locally.

The time has come to end the practice of buying foreign ships on credit. Currently, we have a merchant fleet capacity of over 6 million dwt, and part of it is idle. There is a large number of half-built vessels at the Tuzla shipyard. We must join hands to complete these vessels.

There is another fact that sometimes eludes our attention. The Russians are capturing the world passenger shipping market. The Greeks are also competitive in this area. Turkey is increasingly losing its share of the market in the Mediterranean to the Russians and the Greeks. Italy, France, Israel and Lebanon have already withdrawn from the market. The last Italian ships are being operated by the Greeks on a lease basis.

In the Black Sea region, passenger traffic has become increasingly dominated by buses. Sea travel can be made competitive by establishing direct lines between Istanbul and Trabzon. Ferryboat lines between Istanbul and Samsun can be attractive for both passengers and trucks. With a small investment, the Bartin harbor can be dredged and can be turned into an inland port. A ferryboat service passing through Bartin, Zonguldak, Eregli and Sirkeci can act as a bridge linking northwestern Anatolia with Europe. Bartin has the potential to become a large inland port.

The business of passenger transportation is open to the private sector. However, the private sector has for some reason ignored this segment of the shipping industry. Coastal navigation rights bar foreigners from carrying passengers. The private sector first moved into this business with hydrofoil ships. But these vessels, which were bought on credit, did not produce good results. Other countries also encountered similar difficulties with these hydrofoil ships which were built by the Russians for their own conditions. Rather than turning a profit, the private sector lost money because of problems in finding spare parts and repair costs. Hydrofoil service was naturally cancelled. As in the case of power plants, the mentality of "since it is on credit let us buy it" was once again proved to be erroneous.

A new development is the small cruise ship being built by the private sector. We wish success to this first domestically built passenger ship.

We have reached a reorganization juncture in the maritime industry. The Turkish Maritime Bank has been broken up into two, and its banking division has become a separate corporation. The maritime industry in the public sector has been organized under an umbrella organization called TUDEK [Turkish Maritime Association]. Cargo shipping, passenger transportation and port operation are very different businesses. The Marine Transportation Division of the Maritime Bank has grown substantially in the cargo area after it was separated from the banking operations division of the bank. It would be a great mistake to merge

this organization with another public corporation. Metropolitan marine passenger service and long-distance passenger service are businesses that need separate organizations with separate strategies. Port operation in particular is a completely different matter. Such operations must be immediately assigned to separate management bodies. In other words, TUDEK must be broken up into three separate organizational units. Today, TUDEK appears to be profitable because large hikes have been imposed on port fees and transit fees in the straits. TUDEK is in fact losing money on metropolitan marine passenger service and in other maritime operations.

The management of maritime operations must be left to autonomous units. The maritime industry is a whole, and its ports, shipyards, ships and support vessels must cooperate with each other. This coordination function can be performed by the Ministry of Transportation.

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SELECTED SEE'S UNDERGO CHARTER AMENDMENT

Istanbul DUNYA in Turkish 29 Oct 84 p 1,7

[Text] Ankara [DUNYA] - The first stage of the work connected with the reorganization of state economic enterprises [KIT] has been completed. As the basic organizational rules of 10 enterprises came into effect by being published in the official journal, the Cabinet made some appointments at the level of the KIT's board of directors and at some lower administrative levels.

The KIT's charters that were developed within the framework of resolution No.233 with the force of law, which came into effect on 8 June 1984, are the following:

The Turkish Cellulose and Paper Factories (SEKA), The Turkish Cement Factories, Petkim [Petrochemicals Corporation], The State Equipment Office, the Tea Association, The State Railways, The Turkish Sugar Factories, The Turkish People's Bank and the Heavy Industry And Automotive Association that was formed by merging 5 companies.

With the regulation the Machine Tool Industry And Trade Corporation, the Turkish Motor Industry And Trade Corporation, the Turkish Electronics Industry And Trade Corporation, The Asil Steel Industry And Trade Corporation were grouped under the name of Heavy Industry And Automotive Industry Association whose acronym is ASOK.

Charters

The charters of 10 state economic enterprises were amended according to resolution No.233 with the force of law. The principles of the Turkish Cellulose and Paper Factories [SEKA] which are among the foregoing, are the following:

The capital of the SEKA, which is a state economic enterprise, is 150 billion Turkish liras and Izmit has been designated as its headquarters. This organization, which will pursue its activities under the supervision of the Premier's office, has been kept outside the compass of the state adjudication law and the audit law.

The director-general of the SEKA assumes the chairmanship of the board of directors which will consist of 6 people. If the private sector owns between 20 to 40% of SEKA subsidiary shares it will be represented on the board of directors by 1 member and if the percentage of capital shares is 40% and over the number of its members will be 2.

Turkish Cement And Soil Industry

The Turkish Cement And Soil Industry will also continue its activities as a state economic enterprise. The capital of the Turkish Cement Industry Corporation, which has its headquarters in Ankara, has been set at 60 billion Turkish liras. The director-general will assume the chairmanship of the board of directors which will consist of 6 people.

The Turkish Cement And Soil Industry will be attached to the Premier's office and will make its own decisions on establishing new or eliminating existing subsidiaries.

Petkim

The Petrochemical Corporation, whose acronym is Petkim, has a capital of 150 billion Turkish liras. The organization, whose activities will be carried out under the supervision of the Premier's office, has a board of directors made up of 6 people. It has its headquarters in Ankara and as a state economic enterprise it will be able to have subsidiaries and affiliated companies.

At the same time, together with the above organizations, the State Supplies Office, the Tea Association, the Machine And Chemical Industry Association, the Turkish Sugar Factories, the Turkish People's Bank and the ASOK are being set up as state economic enterprises and it was also deemed fit to make the State Railways into a public service corporation (KIK).

The Equipment Office, the Caykur[Tea Association], the State Railways, the Turkish Sugar Factories, the Machine And Chemicals Industry. the People's Bank and the ASOK, as state economic enterprises will have boards of directors consisting of 6 people. In the case of all those organizations the director-general will also assume the duties of chairman of the board.

The State Equipment Office which has been set up as a state economic enterprise, will have a capital of 10 billion Turkish liras. The headquarters of the enterprise, which will be attached to the Ministry of Finance And Customs, will be in Ankara.

The Tea Works General Directorship (Caykur) also, as a state economic enterprise, will have a capital of 30 billion Turkish liras and will be attached to the Ministry of Finance And Customs and its headquarters will be in Rize.

The State Railways General Directorship has been set up as a state economic enterprise and will have a capital of 500 billion Turkish liras. The headquarters of the State Railways General Directorship whose connection with the Ministry of Transports has been preserved will be in Ankara.

The Machine And Chemical Industry Association will also continue its activities in Ankara, with a capital of 60 billion Turkish liras. The Machine And Chemical Industry Association, which has the status of a state economic enterprise, will be under the supervision of the Ministry of Industry And Trade.

The Turkish Sugar Factories Corporation has been set up as a state economic enterprise. It will have a capital of 170 billion Turkish liras, with headquarters

in Ankara and it will be part of the Ministry of Industry And Trade.

The Turkish People's Bank, which has also been made into a state economic enterprise, has been assigned a capital of 30 billion Turkish liras. The Turkish People's Bank, which derives 91% of its capital from the Treasury and 9% of it from the Treasury, public organizations, business corporations, private and legal persons is under the wing of the Ministry of Industry And Trade.

The Heavy Industry And Automotive Association, ASOK, which was formed by merging 5 semi-public corporations, was founded with a capital of 100 billion Turkish liras. The range of the ASOK's activities, as a state economic enterprise, has been defined as follows:

"The aim is to establish and develop sound, high technology branches of industry which will be open to foreign competition, under free-market conditions and which will make contributions to the production of machines, machine tools, automobiles, steel and electricity by providing those industries with affiliated subsidiaries and with the necessary coordination and by financing investment projects that will be carried out with an understanding of rentability and productivity."

On 30 June 1984 the shares of the Machine Tools Corporation, the Turkish Motor Corporation, the Aksaray Motor Industry Corporation, the Turkish Electronics Industry Corporation, the Asil Steel Corporation and the Machine And Chemical Industry Association were made over to the ASOK, which will have its own charter, headquarters in Ankara and will be under the aegis of the Ministry of Industry And Trade.

It was decreed, with some passing resolutions that were included in the charters of the above mentioned enterprises, that existing shares of those enterprises and of affiliated subsidiaries which remain outside their fields of activity and which are viewed as being marketable under normal conditions will be sold before 8 June 1985.

From 8 June 1984, which was the date on which resolution No.233 with the force of law came into effect, the remaining shares, which are within the field of the enterprises' activities and whose participating share is under 10% were to be turned over to the enterprise or to the subsidiaries "to whose activities they are most closely related."

With regard to personnel promotion and other individual rights, in accordance with resolution No.233 with the force of law, the enterprises whose charters were amended will be subject to the personnel regime of state economic enterprises and procedures will be carried out accordingly.

The administrators of the KIT's whose charters were amended and were published in yesterday's official journal were designated as follows:

Seka

Sabahattin Yalinpala was nominated to the General-Directorship and Chairmanship

of the Board of the Seka Turkish Cellulose And Paper Works whose other members will be Enver Guven, Cemil Karakadilar, Hasan Saglam and Assistants to the Director General Ergun Kizililgin and Ismet Genc.

The Cement Industry

M. Fazli Emanetoglu was nominated to the general directorship of the Turkish Cement And Soil Industry and Ali Ihsan Birincioglu, Hikmet Buyuklimanli, Devris Turan and Assistants to the Director-General Doctor Faruk Yagiz and Ismet Akinci were appointed members of the Board of Directors.

Yasar Citakoglu was nominated to the general-directorship and the chairmanship of the board of the Afyon Cement Industry Corporation, Fethi Yilankirkan was nominated Director-General and Chairman of the Board of the Ankara Cement Industry Corporation, Vahit Nalcacioglu was nominated Director-General and Chairman of the Board of the Balikesir Cement Industry Corporation, Vahat Kirac was nominated Director-General and Chairman of the Board of the Bartin Cement Industry Corporation, Hulusi Erkilis was nominated Director-General and Chairman of the Board of the Corum Cement Industry Corporation, Akin Yucoer was nominated Director-General and Chairman of the Board of the Elazig Altinova Cement Industry Corporation, Bunyamin Ozyurek was nominated Director-General and Chairman of the Board of the Gaziantep Cement Industry Corporation, Kudret Ecevit was nominated Director-General and Chairman of the Board of the Nigde Cement Industry Corporation, Yasar Gucluer was nominated Director-General and Chairman of the Board of the Soke Cement Industry Corporation, Mehmet Gumusburun was nominated Director-General and Chairman of the Board of the Trakya Cement Industry Corporation, Metin Dalay was nominated Director-General and Chairman of the Board of the Adana Paper Bag Industry Corporation and Husnu Baltacioglu was nominated Director-General and Chairman of the Board of the Kumas Kutahya Magnesite Works.

Petkim

Kemal Mijgar was appointed Director-General of the Petkim Petrochemical Corporation and Ertugrul Kumcuoglu, Cemalettin Altinok, Mustafa Keten, Assistant to the Director-General Hikmet Gursey were nominated members of the Board of Directors while Ismail Tuncman was appointed Director-General and Chairman of the Board of the Petlas Plastics Industry And Trade Corporation.

DMO [State Equipment Directorate General]

Alpay Ressamoglu was nominated Director-General of the State Equipment Office and Biltekin Ozdemir, Yasar Selamoglu, Riza Turgay and Assistants to the Director-General Erdogan Celtemen and Eyup Saray were appointed members of the board.

CAY-KUR

Yilmaz Telater was nominated Director-General of the Tea Works and Yavuz Sayilir, Ertan Cireli, Ali Gurtunca and Assistants to the Director-General Tarik Arasli and Nejat Ural were appointed members of the board.

TCDD [Turkish State Railways]

Ender Cetinkaya has been nominated Director General and Chairman of the Board of the Turkish Republic State Railways and Niyazi Sahin, Dogan Aydin, Halil Aydogdu and Director-General Assistants Ferhat Alp and Ahmet Kabakci were appointed members of the board.

MKE [Machine Chemicals Industry Association]

Mustafa Tasan has been nominated Director-General of the Machine Chemicals Industry Association and Sedat Tokgoz, Kemal Tasan, Osman Ilgaz and Director-General Assistants Mahmut Kurdoglu and Mumin Gokgonul were appointed members of the board.

Sugar Factories

Kadri Suyabakan has been nominated Director General of the Turkish Sugar Factories Corporation and Ugur Ercan, Cavit Cevik, Turan Turkel and Assistants to the Director-General Mustafa Turan and Fevzi Arica were appointed members of the board.

The People's Bank

Doctor Ahmet Ertugrul has been nominated Director-General of the Turkish People's Bank and Selahattin Canbaz, Resat Erkmen, Osman Meric and Director-General Assistants Namik Aydemir and Ahmet Demirbas have been appointed members of the board.

Heavy And Automotive Industry

Turhan Onur has been nominated Director-General of the Heavy and Automotive Industry and Dogan Kromors, Galip Demirel, Mehmet Akbay and Director-General Assistants Mehmet Cagirankaya and Sukru Yorganci were appointed members of the board.

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GIRAY SEES 1985 AS BANNER YEAR FOR HOUSING

Istanbul DUNYA in Turkish 29 Oct 84 pp 1,7

[Text] Ankara (THA) - While the Minister of Public Works And Resettlement, Safa Giray, points out that 1985 will be a banner year for the housing sector, housing construction firms agreed on the view that the quickening of the housing sector, after the price hikes on building materials which followed one on another, depends on housing credits being determined anew, on the state providing cheap sites and on the removal of bureaucratic obstructions.

In the declaration the Minister of Public Works And Resettlement, Safa Giray, made he declared that the Housing Fund had achieved its aim and that there were stirrings in the housing sector.

Minister Giray noted that money flowed to every corner of the nation from the Housing Fund and he said: "The effects of the Fund are becoming visible. This year also the number of housing units to be built will be no less than 100,000. The Housing Fund enlivened the housing sector. With that aim in view money from the fund is flowing in every direction. As for next year, it will be a banner year for the housing sector; a great many firms are making preparations. In 1985 no less than 200,000 housing units will be created in Turkey."

Contrary to these words of the Minister of Public Works and Resettlement, Safa Giray, the firms claimed that unless the necessary measures are taken it would be a delusion to expect 1985 to be a banner year. The firms also asked for housing credits to be set between 5 and 5.5 million Turkish liras.

Housing Costs Increased by 50%

The director-general of Or-An Construction, Mithat Onmus, pointed out that building costs had increased by 50% from the new year to the present and he said the following:

"A normal habitation which cost 6 millions at the beginning of the year is now over 8 millions. While prices are rising with every passing day the citizen's buying power is weakening. Under the circumstances, how is it possible to own a house with a credit of 3 millions? The Housing Fund has been unable to make any contribution to the housing sector until now. With half finished housing settlements, apart from a few people like myself whom I consider lucky, it extended credits to no one. Housing credits should be determined anew at 5 million Turkish liras at least. At the same time, the state should provide cheap sites.

The Housing Fund must be made functional and the limits of housing credits must be set. To those who already own a house or an apartment credits for a second purchase should not be extended. At the same time we also want current housing prices to be determined again."

Akcali "Let Housing Credits Be Raised by 60%"

Mesa Assistant Director-General, Ozhan Akcali, also asked for housing credits to be raised by about 60%. Akcali pointed out that the Housing Fund had not achieved its aim, that Fund resources were insufficient and he spoke as follows:

"Although we have settlement projects, we have been unable to act on them up to now. The government kept raising the prices of steel and cement and there have been also high price hikes on other building materials. Under the circumstances, with a 3 million credit it would be a great risk to embark on extensive projects. Before long the government should raise housing credits to about 5 million Turkish liras. There is a big problem of sites. Let the state provide us with a cheap site with infrastructures. Furthermore, the resources of the Housing Fund are insufficient. New resources must be found for the Fund. Procedures must be curtailed. The government officials' saying "We are doing, we are going to do..." is not enough to revive the housing sector; if conditions are favorable we are ready to create a large number of settlements."

Uzun "Let Advance Credits be Granted to Contractors"

The Assistant Director-General of Ozisik Building, Hikmez Uzun too claimed that contractors find themselves in a difficult position in view of the increasing costs of housing. Uzun spoke to the effect that: "Let the state activate the Housing Fund; if an improvement is to be expected in the housing sector it must renounce the mentality 'let the housing project be completed and then grant the credits;' advance credits equivalent to 1/4 of the cost should be extended at the beginning of the construction but then let the construction be constantly supervised after that; let it be assisted only at the beginning. If settlement credits do not increase in parallel with cost increases, if no solution is found to the problem of sites, the 200,000 housing units which are being targeted for 1985 will not go beyond the ideal figure of 200,000."

As for Nejat Eris, the managing director of the Yucebas firm which is one of the subsidiaries of Yuksel Constructions, he asked for a system that would automatically adjust credits to inflation.

12278
CSO: 3554/36

COMMISSION RECOMMENDS PARLIAMENT APPROVE OIL, GAS ACTIVITY

Godthaab GRONLANDSPOSTEN in Danish 10 Oct 84 p 4

[Article by Iod: "Joint Council Recommends That Oil Exploration Can Begin in Jameson Land"]

[Text] Last week the joint council recommended to the Ministry of Greenland Affairs and Greenland's Home Government that a concession be announced for exploration and exploitation of hydrocarbons in Jameson Land.

Copenhagen--There was movement in the government parties when the Joint Council for Mineral Raw Materials in Greenland in its meeting last Wednesday decided to recommend to the competent authorities that oil exploration in the area of Jameson Land can begin from the start of 1985. On the other hand, Atassut [centerist party favoring close ties to Denmark] members in the combined council issued a minority report in which they expressed a desire for further negotiations with the municipal government in Scoresbysun

The next step will be that the Folketing and the Greenland Landsting will now formally approve the concession agreement which the Raw Materials Adminis... on has reached with the American oil company Atlantic Richfield (Arco) and Nordisk Mineselskab A/S. This approval will probably take place before the end of the year, as there have been initiatives taken toward new laws both in Denmark and Greenland on this subject.

According to the recommendation from the joint council the Danish state and the Greenland Home Government will participate in the project, and there will be a Danish/Greenland company to watch over Danish/Greenland public participation in the hydrocarbon activity. Stock in this company will be divided equally between the Danish state and the Greenland Home Government.

Landing Place on Constable Point

The joint council recommends that the concession holders, Arco and Nordisk Mineselskab A/S, be given permission to establish a so-called landing place on Constable Point in Hurry Fjord. According to the chairman of the

joint council, Home Government Chairman Jonathan Motzfeldt, this landing place will only be visited at the most twice a year--and that within the same time period as KGH [Royal Greenland Trading Company] visits Scoresbysund.

"All the experts have said that the landing of materials can not bother the people of Scoresbysund more than what KGH's supply ships are doing and have done over the past 25 years," said the chairman, who at the same time announced that a contact committee will be established which will maintain the necessary contact with the municipal authorities in Scoresbysund.

Minority Position

In the recommendation to the Ministry of Greenland Affairs and the Greenland Home Government there is a minority position concerning the landing place at Constable Point, as the two Atassut members on the joint council--considering the position of the Scoresbysund municipal authorities--can not at this time agree with the recommendation that permission be granted to establish and operate the above-mentioned landing place.

"At the same time, however, the minority believes that the question should be discussed further with the municipal authorities, with reference to the business and social consequences for the local population, and in case this leads to a changed position by the municipal authorities, the minority will be able to agree with the position of the joint council," it said in the minority report.

Landsting and Folketing member Otto Steenholdt told GRONLANDSPOSTEN in that connection that he did not believe that the orientation of the local population and the municipal authorities in Scoresbysund had been good enough. "The council has been superficial and mainly has not taken into consideration the objections which came from Scoresbysund. Therefore we wish that the issue be further discussed with the municipal authorities and the local population," said Otto Steenholdt.

According to the draft of the concession text, to which the companies and the Raw Materials Administration agreed, the companies are obliged within the next 6 years to carry out two exploratory drillings in a land area of Jameson Land of about 10,000 square kilometers, which comprises the concession area from the outset. This area will gradually be reduced during the 12-year exploratory period.

Fees and Taxes

The companies will during the agreed period pay a production fee of 12.5 percent of the value of the production, if oil is found in the area. For the first oil that is extracted, the production fee will be only five percent of the value of production during the first 200 million tons of oil, for a maximum of 5 years after the beginning of production.

The production price will, according to the draft of the concession, be calculated on the basis of a standard price, which is established by a standard price authority under the minister of Greenland affairs.

Furthermore there is established a combined Danish/Greenland company, which in the exploratory phase will have a share of 25 percent in the consortium of companies which are holders of the concession. But participation of the Danish/Greenland company in the exploratory activities will be paid for by the different companies in the consortium, similar to the participation by the Danish state in the new oil explorations in the North Sea by the Dansk Olie og Gasproduktion A/S (DOPAS).

It states in the text of the concession that the share of the Danish/Greenland company, if commercially useable oil is produced, has the possibility of increasing the public participation to a share which is tied to a sliding scale, from 25 to 50 percent depending on the level of production.

"But this public participation in the production activities is not paid for by the different companies," it says further.

In the exploratory phase the companies will pay a fee regulated by the price of 8 million kroner per year to cover the Raw Materials Administration's supervisory fee and fees for technical and environmental background investigations in the area. In case of production activities the companies will pay a fee of 1 million kroner per year, which also is price regulated, and refund all supervisory fees.

Manpower

Furthermore it says that the companies will to the greatest possible extent use and train Greenland/Danish manpower, and that they will follow a number of regulations and procedures.

The companies will also, with contracts, deliveries and services, use Greenland/Danish activities, unless these are not technically or commercially competitive.

Well Satisfied

Home Government Chairman Jonathan Motzfeldt, who is also chairman of the combined council, said on Thursday that he was well satisfied with the decision of the combined council.

"It has been the longest and most exciting meeting that we have had so far, and I believe we have solved the problems to everyone's satisfaction," said Jonathan Motzfeldt, who was also pleased with the unity that was achieved between the government parties.

9287
CSO: 3613/22

ENERGY

DENMARK/GREENLAND

BRIEFS

GEOLOGY INDICATES OIL POSSIBLE--Copenhagen. Greenland's Geological Investigations (GGU) has, in an area of north Greenland from Washington Land in the west to Nansen's Land in the east, conducted general geological investigations and prepared a geological map. In order to evaluate the possibilities of mineral occurrence in the area a systematic collection of sand samples has been carried out in the rivers. GGU reports that in connection with this they have found a zinc mineralization in Freuchen Land. The petroleum geology investigations point in the direction of a widespread regional area of mother rock for oil and gas. Individual places have been found with small cavities in limestone which are filled with oil residue. The large amount of data and samples which were collected in the summer of 1984 will, together with corresponding investigations in 1985, form the basis for a geological chart on the scale of 1:500,000. [Text] [Godthaab GRONLANDSPOSTEN in Danish 14 Oct 84 p 9] 9287

CSO: 3613/22

PRINOS OIL PRODUCTION FIGURES GIVEN; EXPLORATION CONTINUES

Athens | KATHIMERINI in Greek 19 Oct 84 p 7

/Text/ The oil production of the Prinos deposit, which is estimated to last 9 to 10 years, reached 60 million barrels. Until 31 July 1984 the production was 23.3 million barrels of crude oil, 300,000 tons of sulphur, 69 million cubic meters of natural gas, which was sold to the phosphoric fertilizers industry, and 9 million cubic meters, which was sold to private consumption.

According to A. Papathanasopoulos, secretary general of the Ministry of Energy and Natural Resources, and Syvenos, representative of the Public Petroleum Corporation /DEP/, both of whom explained the DEP achievements to date as well as its future programs, the income the state derived from the Prinos production up to 30 June 1984 reached 10 billion drachmas from the sale of crude oil, 485 million drachmas from the sale of sulphur and 160 million drachmas from natural gas. They added that DEP's technicians monitor production on a 24-hour basis while it continues on a broader scale the study of the deposit in cooperation with the Norwegian company STAOL.

As concerns the problems arising from the relations between the state and DEP and the Northern Aegean Co. (a consortium of foreign companies), it was explained that:

1. The state doubts the investment expenses for the exploitation of the deposit (including the financing interest) reached 650 million dollars as the company claims. The negotiations with the company for a solution continues and in the event of a disagreement it is expected that the case will go to arbitration. It should be noted that the original budget provided for an investment of 250 million dollars.
2. For the second time the state seeks a revision of the agreement (the first one was signed by the ND government in August 1975) so that the state will have greater participation in the profits and maximize its control. The original agreement was signed in 1969 (during the dictatorship). According to the Ministry of Energy spokesman the negotiations are being speeded up and there is optimism that a satisfactory solution will be found.

The Explorations

With regard to the oil explorations by DEP in various areas of the country, the two officials said that despite the existing difficulties the DEP crews continue the explorations--geophysical and oil drilling--in southern Peloponnisos and Ipeiros where encouraging hydrocarbon deposits were recently located. Presently, special DEP vibrator units are conducting explorations in Peloponnisos as well as in shallow sea areas with special ships. With regard to the Katakolon oil deposit the officials said that it is marginal and its measurement is unprofitable.

It was mentioned that as of 1 January three new drillings will be undertaken in northwestern Peloponnisos, Serres and Ipeiros. Also, new drilling will start in Katakolon next week using a Hungarian land drill. On the other hand, two to four drillings have been scheduled for 1985 in the sea areas of Thermaikos Bay and the Ionian Sea and six to eight land drillings in the areas of Ipeiros, Aitoloakarnania and probably in Thraki.

In 1985 DEP expects to buy a computer for processing the exploration data and its own land drill which can reach a depth of 4,000 meters and which is valued at 8.5 million dollars. Papathanasopoulos did not exclude future explorations by private companies (mainly foreign with advanced technology), but he pointed out that in such a case the state will seek greater control and other preconditions for the determination of which a political accord will be needed.

7520
CSO: 3521/38

EARNINGS FROM PRINOS OIL SMALL; CHANGES CONSIDERED

Athens TO VIMA in Greek 19 Oct 84 p 17

/Excerpt/ Greece's income from the sale of Prinos oil, natural gas and sulphur reached 10,645 million drachmas from the day the Prinos rig started operations until last July, while the consortium of foreign companies which is exploiting the Prinos deposits collected from the sale of crude oil an estimated 620 million dollars. It should also be noted that the cost of investments for the Prinos installations reached 650 million dollars instead of 250 million dollars as originally estimated.

The income (up to 30 July 1984) was derived from the sale of a) 23,300,000 barrels of oil (Greece's share was 10 billion drachmas); b) 300,000 tons of sulphur (the Greek share was 485 billion drachmas); and c) 61 million of natural gas (Greece's share was 160 million drachmas).

These sales (including 9 million cubic meters of natural gas consumed by the complex itself) were derived from the daily production of 26,000 barrels of oil, 380 tons of sulphur, and 110,000-200,000 cubic meters of natural gas (to the Phosphoric Fertilizers Co.).

Taking the above statistics into consideration (as well as the cost of investments) the responsible government officials aim at securing greater state benefits in the next 8 years--the estimated time the Prinos deposits will last. This they expect to achieve with the participation of the Public Petroleum Corporation through negotiations with the Northern Aegean Oil Co. which, as an agent of the consortium, exploits Greek oil deposits at Thasos.

As is known, the Greek government has asked that the agreement signed with the consortium be amended and certain of its basic points be revised. A similar action (which, however, is not connected with the previous one) is the expansion of the investment cost in order to confirm the correct debt liquidation and, by extension, the profit of the Greek side.

7520
CSO: 3521/51

ENERGY

GREECE

BRIEFS

SAVINGS IN DOLLARS FROM RUSSIAN OIL--Greece benefited 37 million drachmas from the purchase of Soviet oil on the basis of the agreement reached during the recent visit in Moscow of National Economy Deputy Minister Vaitos who gave this assurance in answer to a question by ND Deputy Th. Khoutas. Vaitos said that the contrary claim is wrong. Specifically, Vaitos said that besides the scheduled purchase for July, it was agreed on 19 July 1984 that Greece would purchase an additional load of 70,000 metric tons of crude oil. The price of this oil is cheaper by 0.75 dollars per barrel than we paid during the same month. This price is based on the agreement between the two states which takes into consideration the price level of the Soviet crude oil in the international market. Finally, Vaitos pointed out that it is not true that the USSR decreased the price of oil by 1 dollar the day after the agreement was signed. The last drop in Soviet oil by 0.75 dollars was made in August within the framework of general policy for determining oil prices.

/Text/ /Athens ELEVTEROTYPIA in Greek 23 Oct 84 p 13/ 7520

DEI MULTILATERAL LOAN--Paris (Athens News Agency)--Yesterday, the general director of DEI [Public Power Corporation], Professor D. Papamandellos, accompanied by the Greek ambassador in Paris, Khristos Rokofyllos, and DEI financial and legal officers, countersigned with the representatives of 41 European, Japanese, Middle Eastern and U.S. banks an agreement for a loan worth 250 million dollars--made up of 110 million dollars, 64 million pounds sterling and 72.5 million European account units. It will be a seven-year loan, with a four-year grace period and the London interbank interest rate increased by five-eighths percent. In his speech during the signing ceremony, the bank director of the French Banque Nationale de Paris, Philipon, as representative of the Creditors' Group, called the loan "a real success and turn in the international capital market's loan-granting to DEI." He explained that: First, the amount of the loan, which originally had been set at 200 million dollars, was increased to 250 million because of the oversupply of applicant creditors. Second, the terms of the loan are more favorable than the previous DEI loan in December 1983, given that the interest-rate margin is lower (five-eighths percent for the duration of the loan). Third, the range of participation is great and includes approximately 15 countries--40-percent European, 34-percent Japanese, 10-percent Middle Eastern, and 5-percent U.S. [Text] [Athens I KATHIMERINI in Greek 24 Oct 84 p 7] 9247

KEMERKOY THERMAL PLANT SPARKS POLITICAL BATTLE

Istanbul CUMHURIYET in Turkish 14 Oct 84 p 12

[Text] A delegation of 45 will be departing for Ankara from Bodrum this evening with a view to prevent the construction of the thermal plant at Gokova Bay. The delegation, headed by the Acting Mayor of Bodrum Adnan Toker, will be presenting a 30 meter-long petition carrying over three thousand signatures to President Kenan Evren, Prime Minister Turgut Ozal, and Minister of Energy and Natural Resources Cemal Buyukbas. Meanwhile, the Milas Municipal Council held an extraordinary meeting, and decided to take action to change the plant's location.

The campaign started by the municipality of Bodrum against the Kemerkoj thermal plant planned by the Turkish Electricity Authority at Gokova Bay is continuing. As the number of signatures went over three thousand, telegrams of support for the Bodrum municipality keep coming in. There is a demand for the expansion of the campaign. A delegation consisting of people connected with tourism and yachting, the administrators of touristic establishments, and chairmen of political parties at county level are going to Ankara to present the petition (which has now reached a length of 30 meters) to the President, the Prime Minister, and the Minister of Energy and Natural Resources. Acting Mayor Toker promised to do everything possible to prevent the construction of the thermal plant, saying:

"Gokova which is among the few earthly paradises known to man will be no more five years after the plant becomes operational. Everyone who loves Bodrum, Marmaris, Gokova should take active responsibility for this place. We are doing all we can. Our campaign has echoed across the land. A flood of telegrams keep arriving from many corners of Turkey. God willing this decision will be rescinded, and this corner of paradise will be saved. We are certainly not against power plants. However, I suspect there ought to be other places more appropriate than Gokova Bay for purposes of power plant construction".

While the anxious wait of the tourism industry continues, the manager of Ege Yacht Service Birkan Yetis argued that this decision would come to mean the end of tourism at Gokova Bay, saying:

"Where would I take the tourists? Henceforth we would have to go to other places. There will be enormous difficulties, we will have to change our location. For instance, we might take our yachting operations to Fethiye or Marmaris, but there are also foreign tourists who arrive in their own vessels. They would start going to Greece from now on. We are advertising this place in foreign countries as 'the place where the blue meets the green'. Now the chimneys will make the blue and green fade. Gokova should be saved and preserved..."

Serif Oncu, president of Bodrum Seamen's Association, articulates his reaction to the plant as follows:

"We were born and raised here. We have known nothing else but Gokova since we were kids. Our 'ive hood comes out of Gokova. With the construction of the plant the sea will be polluted. What shall we do then, how shall we maintain ourselves? Where will we fish? We would have expected that our children, grandchildren would earn their livelihood out of Gokova. It is a pity."

Plant Should Be Located Elsewhere

Meanwhile, the Municipal Council of Milas held an extraordinary meeting, and decided to take action to change the plant's location. At the meeting it was unanimously decided to send telegrams to President Evren, Prime Minister Ozal, the relevant ministries, to Turkish Electricity Authority demanding that the plant, presently planned to be built near the villages of Oren and Turkevleri, should be located elsewhere. It was further decided to support the signature campaign started by the Bodrum municipality, and to take joint action with the other county mayors of the Mugla province.

The Reaction of the Politicos

In an announcement made to the THA correspondent, Erhan Isil, former minister of energy and natural resources, and member of SODEP steering committee, said that, "there is absolutely no technical or economic grounds for this thermal plant to be located in Gokova." Pointing out what a mistaken and bad decision this was, Isil added: "As far as I know, the location of the plant is quite far from the coal as well..."

Idris Gurpinar, a deputy chairman of the Populist Party and an MP from Mugla, made it clear that the Populist Party will fight right to the end against the construction of a thermal plant in Mugla, saying that: "We will fight alongside the people of the region against those who want to pollute Gokova."

Attila Sav, deputy chairman of SODEP, also argued that the construction of a thermal plant in Gokova will bring much more harm than benefits. Pointing out that the coal reserves in the region would last 15-20 years at the most, Sav commented:

"During these 15 years the harm to the region would far outweigh the energy produced. And it would not be possible to restore the region to its former state once the coal reserves are depleted." Sav stated that they had grave reservations about the idea of building a thermal plant at Gokova.

The Secretary-General of the Correct Way Party Refik Sunal, responding to the questions of the THA correspondent said their party was "against the building of the thermal plant in a region of Turkey known for its unsurpassed natural beauty like Bodrum and Marmaris."

Ulku Soylemezoglu, the secretary-general of NDP, said they had misgivings about the efforts aimed at building a thermal plant at Gokova. He said:

"From the viewpoint of Turkey's need for energy, and considering our large coal reserves, we are supportive of constructing thermal plants and giving them a particular place in the programs. However, it is certain that these plants do create big pollution problems, and they do affect the environment."

12466
CSO: 3554/15

ENERGY

TURKEY

OIL PIPELINE CAPACITY; AKPINAR STRIKE MADE

Crude Oil, Product Lines Present, Future

Istanbul DUNYA in Turkish 25 Oct 84 p 3

[Text] Ankara (TURKISH NEWS AGENCY) - The Yumurtalik-Kirikkale pipeline that will carry more than 5 million tons of crude oil annually will reportedly be ready for operation by early November 1985.

According to information from Yavuz Uzman, general director of the Pipelines and Petroleum Transport Corporation, the Yumurtalik-Kirikkale crude oil pipeline, now under construction, will be opened for operation immediately upon completion, depending upon the output of the Joint Anatolian Refinery.

Noting that Turkey has two other crude oil pipelines, Uzman said that the Iraq-Turkey pipeline has been operating at full capacity following improvements to raise its capacity to 47 million tons annually in recent months, but that transport figures by the end of this year were expected to be around 38 million-39 million tons as the improvements were made only recently. The Batman-Dortyol pipeline has a capacity of 3.5 million tons annually, but has been operating at 50 percent capacity owing to inadequate production, Uzman said.

55.5 Million Ton Capacity

When the Yumurtalik-Kirikkale pipeline comes on line, Turkey's annual crude oil transport capacity will rise to 53.5 [as published: 55.5] million tons. The pipeline is 450 kilometers long and 24 inches in diameter. With completion of this line, Turkey will have 1,749 kilometers of crude oil pipeline. Turkey's largest pipeline at present is the Iraq-Turkey Pipeline, 340 kilometers of which are in Iraqi territory. The total length of this pipeline is 981 kilometers.

Engineering services for the second crude oil pipeline planned between Iraq and Turkey were awarded to an Italian firm.

Programmed

Meanwhile, the 10-year master transportation plan calls for the construction of a new oil pipeline 854 kilometers long in addition to the Yumurtalik-Kirikkale line. With the planned lines in operation, Turkey will have a total of 2,153 kilometers of oil pipeline. In addition to the present Selmo-Batman, Adiyaman-Saril and Saricak-Pirincli lines, lines planned for completion by 1993 are:

--Joint Anatolian Refinery (OAR) Ankara (Aniboz) Product Pipeline: 63 kilometers, 14 inch diameter. This line will carry OAR refined products to Afyon and Eski-sehir.

--OAR Aksaray Product Pipeline: 144 kilometers, 10 inch diameter. This line will carry OAR refined products to Konya, Nigde, Nevsehir and Kayseri.

--Aliaga-Izmir Salihli-Nazilli Product Pipeline: 197 kilometers, 8 inch diameter, except 49-kilometer stretch between Aliaga and Izmir, 12 inch diameter. The line will carry Aliaga refined products to Izmir, Manisa, Usak, Aydin and Denizli.

First TPAS Strike Outside Cemberlitas

Istanbul DUNYA in Turkish 25 Oct 84 p 3

[Text] Adiyaman (TURKISH NEWS AGENCY) - The Turkish Petroleum Corporation (TPAS) has struck oil outside the Cemberlitas oilfield for the first time since 1980.

According to information supplied by authorities, high-grade oil was struck after 210 days of drilling at the Akpinar well near Akpinar Village, 15 kilometers from the district capital of Kahta. Seismic tests conducted in the area in late 1983 proved positive and drilling began last March. Officials said the quality of the oil struck by the test bore was rather high.

Reserves Studied

Noting that the oil deposit at around 3,220 meters at the Akpinar well is being studied, officials said samples had been taken from the well for analysis and analysis had begun, after which final results would be available.

8349

CSO: 3554/31

LIQUID FUELS SLAPPED WITH NEW PRICE HIKE

Istanbul CUMHURIYET in Turkish 29 Oct 84 p 1

[Text] News Center - The Ozal government effected its 9th price hike on liquid fuels. According to Ankara prices the cost of super gasoline rose from 192 to 200 Turkish liras, that of regular gasoline from 178 to 185 Turkish liras, that of diesel-fuel from 120 to 125 Turkish liras while the price of large containers of liquefied gas was raised from 1,760 to 1,830 Turkish liras. The price of No 6 fuel oil which was selling for 80 Turkish liras has reached 83 Turkish liras.

While the "pretext" evoked for the series of price hikes for liquid fuels is the steady loss of value of the Turkish lira versus the dollar, this time the dollar cannot even be used as an "excuse." The previous price hike for liquid fuels came into effect on 24 September. On that day \$1 was worth 407.65 Turkish liras whereas today it is worth 411.35 Turkish liras. The dollar's increase during those 35 days was only 0.9%, that is 9/1000. While the 9th price hike which became effective yesterday is of the order of 4 to 5%. Thus this time the government could not even wait for the dollar to whittle away the Turkish lira.

The Ozal government had implemented the first liquid fuel price hike of the "new era" on 26 December. This was followed by the price hikes of 18 January, 29 March, 29 April, 30 May, 9 July, 22 August, 24 September and finally 28 October. In the previous price hikes, during the intermediate periods, the Turkish lira's loss versus the dollar was at least 3.5% and at most 9%. This time while the dollar remains stationary a new hike was slapped on.

Governorships have also been informed of the prices set for the centers outside of Ankara. As for the officials of the Ministry of Finance and Customs, they let it be known that dealers would determine their stocks of liquid fuels and that sales would not be interrupted. So that sales which had stopped yesterday morning were resumed later with the new prices.

Gasoline dealers characterized the permission to sell without making a declaration of stocks as a sign of the "government's trust in retailers."

According to a news item of the AA [Anatolian (news) Agency], the Ankara chief fiscal authority, Ahmet Ovali, let it be known that dealers could make a declaration of stocks on hand on Tuesday 30 October up to the end of working hours on

Wednesday. Ovali said the following:"This time the sale of liquid fuels was not stopped. Dealers will determine their own stocks. Our own control elements will also effect a check."

Liquid fuel dealers characterized the permission to sell without making a declaration of stocks on hand as a sign of the "government's feeling of trust toward retailers."

Following the price hike implemented on liquid fuels dealers stopped sales this morning in Ankara. With the stopping of sales lines formed in front of gas stations.

The owner of a gasoline dealership, Hilmi Sehirlioglu, who learned from the AA correspondant that liquid fuel sales had not been stopped said:"This measure is a very fine one. This shows the government's feelings of trust towards retailers."

The head accountant of another company, Adil Dalyan, also spoke to the effect that:"We were unable to make any sale since the morning. We are very gratified by the sale not being stopped."

When rumors related to the new measure reached the dealers sales were resumed.

<u>Whither With Ozal?</u>			
	First Hike (26.12.1983)	8th Hike (24.9.1984)	Latest Hike
Super gasoline	139.80	192.00	200.00
Regular gasoline	129.60	178.00	185.00
Diesel-fuel	86.90	120.00	125.00
Large Container	1,280.00	1,760.00	1,830.00

12278

CSO: 3554/37

PETROLEUM OFFICE PRICE HIKES GENERATE PROFITS

Istanbul CUMHURIYET in Turkish 29 Oct 84 pp 1,8

[Text] The director-general of the Petroleum Office, Mehmet Gultekin, pointed out that 1984 was a prosperous year for the Petroleum Office and said that with a 310% increase the Petroleum Office's profits for this year would reach 14 billion Turkish liras. In the declaration he made to the THA [Turkish News Agency], Mehmet Gultekin said that the Petroleum Office scored a great success this year in its competition with foreign companies and that they were entering now a period of intensive work to achieve supremacy, after liquid fuels, in petroleum. Gultekin said: "The position of the Petroleum Office is considerably improving. This year is even better than we had hoped. The results we obtained show that while our profits were 4.4 billion Turkish liras last year, at the end of this year they will reach 14 billion Turkish liras. This is a figure that cannot be underrated."

Director General Gultekin, who noted that in Turkey, particularly in the west, there was an excess of gasoline dealerships and that in the regions of the Aegean and the Marmara and in the Ankara area foreign companies had accumulated, also said that: "Foreign companies skim the cream off the business. Because of our citizens' awe of foreigners, particularly in the regions of the Aegean and Istanbul, the influence of foreign companies has increased whereas in the east and the southeast you cannot find a single foreign company's service station or dealership. We are the ones to bring services to the east and southeast, incentives have been introduced for the east and the southeast, there will be infrastructures, roads will be built and we too, in the next 5 years, will put the emphasis on those regions."

Petroleum Office director-general Gultekin said that in the first 8 months of this year they had granted no dealership to anyone, while during the past month 10 new petroleum and petroleum product dealership permits had been issued in regions that needed them. Director-general Gultekin noted that unless they had to, from now on they would give out no new dealerships to regions outside the east and the southeast and he spoke as follows:

"Our fellow citizens are making numerous requests, particularly for petroleum dealerships. Those of our citizens who have money can do other business. Today 20 to 25 million Turkish liras are needed for an average dealership. If that money were to be put into a bank account, with today's interest rates one could still make 10 million Turkish liras. Today Turkey has a surfeit of dealerships."

CHOICES FACING GOVERNMENT ON SEABED MINING AGREEMENT

Rotterdam NRC HANDELSBLAD in Dutch 25 Oct 84 p 7

[Article by W. H. Weenink: "Difficult Decision in Considering Ocean Mining Treaty. To Whom Do Seabed Resources Belong?"]

[Text] Foreign policy is not one of the favorite topics of discussion in the lower house of parliament. Following exhausting discussions of multi-year actual minimums, rent increases and school tuition, the parliament will soon have an excellent opportunity to concern itself extensively with an interesting issue outside our country's borders. At the end of this year or the beginning of next year, the cabinet will submit a bill requesting ratification of the document signed by the Netherlands on 3 August, "Interim Agreement on Matters Concerning Deep Sea Mining."

The representatives hopefully will not allow themselves to be put to sleep by the title. The words "interim agreement" could create the impression that this is a fairly unimportant arrangement. But the parliamentarians who have followed recent developments in the area of maritime law should know better. The agreement under discussion--which incidentally constitutes a genuine treaty in terms of both our constitution and international law--marks a crucial moment on the path toward international regulation of mining of the seabed for the signatories, seven Western countries and Japan. But for the developing countries and the Eastern Bloc countries, the agreement is an affront.

The central issue is the simple question: whose are the treasures--especially metals, such as nickel--hidden in the "manganese lumps" on the bottom of the sea outside of the boundaries of national jurisdiction? In 1967, the Maltese ambassador to the United Nations, Arvid Pardo, found an answer that was as simple as it was challenging: the bottom of the ocean should be considered the common inheritance of all mankind.

Pardo's proposal provided the impulse for an international discussion on jurisdiction over the deep-sea bed. This led to the United Nations conference on maritime law, which began in late 1973 and ended a good eight years later with the adoption of a maritime law treaty. In the treaty, all activities at sea are regulated by law: from delimitation of zones to shipping through straits; from the laying of cables to the prevention of pollution; from conducting scientific research to mining the wealth of the sea, to which the resources of the seabed belong. In the part concerning deepsea mining, Pardo's proposal was taken as guiding principle.

United States Aloof

What possessed the eight highly developed industrialized countries to conclude a new treaty on seabed development in 1984? Above all, it was the fact that the United States had voted against the maritime law treaty in 1982 and since has remained aloof from the discussions on elaboration and implementation of the principles of deep-sea jurisdiction outlined in the United Nations treaty.

Reagan's administration felt that the provisions of the UN treaty concerning sea-bed mining placed too many restrictions on private enterprise. This standpoint constituted a serious undermining of the regulation of deep-seabed development, a compromise between the wishes of the developing countries and the West for which ex-secretary of state Kissinger had helped lay the foundation. After all, the United States is the country with the most advanced technology for deep-sea mining, and five consortia under American direction have already done interesting exploratory work in this area.

Other Western countries, including the Netherlands, also had reservations on this portion of the maritime law treaty, but they found the overall agreement too valuable to vote against it. They expressed their reservations in other ways. Thus, such countries as West Germany and Great Britain have postponed signing the treaty pending further elaboration of the regimen for the seabed.

The Netherlands did sign the UN treaty, but it deviated from usual practice by stipulating that there was no definite intention to ratify it. The Hague does not wish to initiate ratification until the regimen for seabed mining has been cast in a form acceptable to the West. Furthermore, it intends to wait to determine which countries will ultimately be parties to the agreement.

Regarding the first point, the United States appears to have given up all hope. The administration in Washington prefers to continue working with a small group of like-minded Western countries and allow private enterprise free rein on the seabed as well.

Watered-Down Version

All of the Western industrialized countries with interests in oceanbed mining and Japan are parties to the "interim agreement". This agreement is a watered-down version of the so-called "mini-treaty" that the United States wanted to sign with all interested industrialized countries right after the drafting of the UN treaty. This mini-treaty was intended as an alternative to the UN treaty. The other potential parties were reluctant to adopt it since they realized that it would undermine the UN treaty. The "agreement" which has now been signed principally regulates overlapping claims to parts of the seabed which were submitted by private firms and state enterprises from the signatory countries.

The Netherlands is involved in this interim agreement because two Dutch firms--Billiton and Boskalis--are participating in one of the ocean mining consortia under American direction. The ministry of foreign affairs advanced as a practical argument for signing the treaty securing the position of these firms.

In addition, two political arguments are given:

1. The "agreement" constitutes a clear arrangement with the United States. That is essential, since Washington must be contended with in matters of maritime law.
2. Furthermore, the agreement also serves as a warning to other countries: if the elaboration of the deep-sea regimen leads to an arrangement which is unacceptable to the West, they may have to forget the whole thing.

Furious

The developing countries, the Eastern Bloc and China have reacted furiously to the Western tête-à-tête. According to these countries, the agreement is in conflict with the UN treaty, among other things, since that treaty includes all provisions for settlement of disputes on mining interest areas.

Minister of foreign affairs Van den Broek sees things a bit differently; he regards the "interim agreement" as a supplement to the UN treaty. Moreover, his aides also refer to a resolution attached to this treaty, specifically to the stipulation that the countries themselves are to attempt to settle their overlapping claims before submitting them to the UN commission in charge of elaboration of deep-sea jurisdiction.

This line of reasoning could well oversimplify the issues. Under international law, after signing the UN maritime law treaty, the Netherlands is obligated to refrain actions which undermine this treaty. Signing the "interim agreement" could have exactly that effect.

The deep-sea mining consortia under American direction will have their claims to certain parts of the seabed honored outside the framework of the UN treaty. That will be done under American national legislation, while the intent of the UN treaty is to have maritime activities regulated through international legislation.

To be sure, The Hague still considers the possibility of having the American consortium in which the two Dutch firms are participating apply via the Dutch government for registration with the UN in its discussions on the maritime law treaty. But at the same time, it concedes that the chance that this will happen is quite small. American firms prefer to work outside the UN maritime law treaty and they are very well aware that Netherlands would have to place the condition on such an application that the consortium adhere to the provisions of the UN treaty.

Conflict

In addition, there is the threat of a conflict between the Soviet Union and the American private consortia. In accordance with the UN treaty, the Soviet Union has submitted an application to the UN commission on seabed development on behalf of its state deep-sea mining firm. It is highly likely that the Russian firm intends to operate in the same promising area as the consortia (somewhere between Mexico and Hawaii).

Since it is out of the question that the United States will regulate its firms' claims within the framework of the UN treaty, since it is unlikely that Moscow and Washington will deal with this matter at government level and since there presumably will be no contact between the Russian state firm and the American consortia, a conflict on seabed development between the superpowers has become possible.

Such a confrontation between French and Japanese national seabed mining firms on the one hand and the Russian firm on the other hand are highly unlikely. In contrast to the United States, as signatories of the UN treaty, France and Japan will submit their firms' claims to the UN mining commission, so that they can negotiate with the Soviet Union on possible overlaps of their claims.

It thus appears that the "interim agreement" among the seven Western countries and Japan will have consequences which at the very least go against the spirit of the UN treaty. The stipulation in the text of the "interim agreement" that the obligations of the parties assumed by signing the UN treaty will remain unaltered, cannot change this.

In The Hague, the "interim agreement" is not being called a "second best" solution for nothing. But it supposedly will prevent isolation from the United States. And, according to the optimists, perhaps in fifteen years this "interim agreement" will turn out to have been the first step toward involving the United States in the UN maritime law treaty. It would be just as easy to predict that this arrangement will have been the first fatal attack on the world-wide regulation of deep-sea mining, a kind of squandering of the common inheritance of mankind.

The representatives will be confronted with a difficult decision.

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